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FARM-MORTGAGE INVESTMENTS OF LIFE INSURANCE COMPANIES

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By Harald C. Larsen, Senior Agricultural Economist

INTRODUCTORY

For several decades, life insurance companies have been a major institutional factor in the financing of agriculture. They are one of the principal sources of long-term mortgage credit for farmers, and they currently hold upwards of one-sixth of the total farm-mortgage debt. Furthermore, they have a substantial additional investment in the unpaid principal of sales contracts which is significant, both from the standpoint of farmers' long-term debt and from the standpoint of institutional real estate holdings. Investments of these companies in real estate held, together with their real estate acquisitions and disposals since the early thirties, have significantly influenced the tenure pattern in certain farming areas and have substantially affected the recent trends of the real estate market. Currently (January 1, 1943) their real estate holdings are nearly three-fourths of the total holdings of the major institutional lenders. Life insurance companies remain a potential source of a large part of the funds needed to finance agriculture and their current policies with respect to both farm loans and farm real estate will have a significant influence on the future financial soundness of a large number of farmer borrowers.

Recognition of the importance of insurance companies in farm financing led to a study designed to provide additional and more detailed information on their loan and real estate operations. This report deals principally with the former and discusses in some detail the amount, composition, and distribution of regular and purchase-money mortgages, together with certain related material. A subsequent report will deal with insurance company investments in sales contracts and real estate held outright.

AMOUNT OF FARM-MORTGAGE INVESTMENTS OF INSURANCE COMPANIES

The investment of life insurance companies in farm-mortgage loans for January 1, 1943 is estimated at \$891,441,000,^{1/} a decrease of \$15,700,000 from \$907,141,000 on January 1, 1942 (table 1). This decrease is a reversal

^{1/} Book value or admitted asset value. For individual mortgages this figure may be somewhat larger or smaller than the unpaid principal; for the entire portfolio, however, this figure is believed to approximate the unpaid principal, although it may be biased downward to some extent, particularly for purchase-money mortgages.

Table 1.- Total farm-mortgage debt and investments of insurance companies in farm mortgages, sales contracts, and real estate, January 1, 1910-43

Year	Total farm mortgage debt	Insurance company investments 1/						
		Farm-mortgage loans outstanding			Sales contracts and real estate	Total		Percentage loans are of total agricultural investments
		Amount 2/	Percentage of mortgage debt	Percentage of admitted assets 3/	Amount 4/	Amount	Percentage of admitted assets	
	1,000 dollars	1,000 dollars	Percent	Percent	1,000 dollars	1,000 dollars	Percent	Percent
1910	3,207,863	386,961	12.1		0			
1911	3,522,121	423,454	12.0					
1912	3,929,758	479,653	12.2	11.5				
1913	4,347,679	550,158	12.7					
1914	4,707,358	597,462	12.7					
1915	4,990,785	669,984	13.4					
1916	5,256,425	765,571	14.6					
1917	5,825,851	861,144	14.8	15.6				
1918	6,536,860	955,591	14.6					
1919	7,137,365	1,018,163	14.3					
1920	8,448,772	974,826	11.5					
1921	10,221,126	1,205,778	11.8	16.5				
1922	10,702,257	1,432,367	13.4	18.0				
1923	10,785,621	1,556,203	14.4	18.0				
1924	10,664,919	1,792,145	16.8	19.0				
1925	9,912,650	1,942,624	19.6	18.7				
1926	9,713,213	2,030,301	20.9	17.6				
1927	9,658,422	2,123,664	22.0	16.4				
1928	9,756,957	2,172,863	22.3	15.1				
1929	9,756,559	2,138,980	21.9	13.4	88,305	2,227,285	14.0	96.0
1930	9,630,768	2,105,477	21.9	12.0	120,020	2,225,497	12.7	94.6
1931	9,458,281	2,059,221	21.8	10.9	151,229	2,210,450	11.7	93.2
1932	9,214,004	2,007,361	21.8	10.0	219,947	2,227,308	11.0	90.1
1933	8,638,383	1,869,160	21.6	9.0	316,931	2,186,091	10.5	85.5
1934	7,887,119	1,661,046	21.1	7.9	465,072	2,126,118	10.2	78.1
1935	7,785,971	1,258,900	16.2	5.8	600,873	1,859,773	8.5	67.7
1936	7,638,867	1,054,770	13.8	4.5	646,280	1,701,050	7.3	62.0
1937	7,389,797	936,454	12.7	3.8	713,166	1,649,620	6.6	56.8
1938	7,214,138	895,470	12.4	3.4	705,207	1,600,677	6.1	55.9
1939	7,070,896	887,336	12.5	3.2	5702,961	1,590,297	5.7	55.8
1940	6,909,794	883,414	12.8	3.0	700,530	1,583,944	5.4	55.8
1941	6,824,126	890,516	13.0	2.9	673,600	1,564,116	5.1	56.9
1942	6,713,835	907,141	13.5	2.8	597,796	1,504,937	4.6	60.3
1943	6,350,263	891,441	14.0	2.6	487,731	1,379,172	4.0	64.6

1/ Based upon direct reports from insurance companies, official reports submitted to State commissioners of insurance, and "Best's Life Insurance Reports."

2/ Book value or admitted asset value.

3/ Amount of total admitted assets of life insurance companies obtained from Proceedings of the Association of Life Insurance Presidents.

4/ Includes the book value of real estate held outright plus the book value of sales contracts.

5/ Revised.

of the upward trend that had been in evidence since the beginning of 1940, when mortgage loans outstanding totaled only \$883,000,000. Between 1910 and 1928, the investment of insurance companies in such loans increased each year, with the exception of 1919. Holdings of farm mortgages reached a maximum of \$2,172,863,000 on January 1, 1928, then decreased to a 23-year low on January 1, 1940. In the earlier part of the period 1928-40, the annual percentage decrement became increasingly greater. In 1934, the amount outstanding decreased by a fourth. Since 1934, the annual rate of fall decreased until January 1, 1940, when the amount outstanding reached the low of \$883,000,000.

Investments in farm-mortgage loans, however, make up only a part of the agricultural investments of insurance companies. In addition, such companies have a considerable investment in real estate held outright and in the unpaid principal balance outstanding on sales contracts. As of January 1, 1943, their total agricultural investments approximated \$1,379,172,000, or about 4 percent of the total admitted assets.^{2/}

Insurance companies also have invested considerable sums in agriculture indirectly through the purchase and ownership of consolidated bonds of Federal land banks and in guaranteed bonds of the Federal Farm Mortgage Corporation. These bonds are all secured by farm mortgages held by the land banks and the Corporation. On January 1, 1943, insurance-company holdings of these bonds totaled over \$310,000,000, of which about \$13,000,000 was in consolidated land bank bonds, and \$297,000,000 was in guaranteed Federal Farm Mortgage Corporation bonds. Substantial amounts of both land bank and Corporation bonds are callable in the next succeeding 3 or 4 years and no doubt large amounts of the insurance-company holdings of these bonds will be retired or refinanced within that period.

Before the acquirement of a large number of farms during the depression in the early thirties, farm mortgages made up 90 percent or more of the total agricultural investments of insurance companies. On January 1, 1929, the earliest date for which composite figures are available, they ran as high as 96 percent.^{3/} At that time total agricultural investments were 14 percent of total assets. By 1940, following the period during which many of their loans had been liquidated through the acquirement of the security, the proportion of farm-mortgage loans dropped to only 55.8 percent of agricultural investments, and the ratio to total admitted assets had fallen to 5.4 percent. With increased real estate sales in recent years, resulting in larger recordings

^{2/} These figures include the book value of real estate held outright and the book value of sales contracts. In general, the unpaid principal balance outstanding on sales contracts is the same as the book value of sales contracts. However, when a farm is sold at a price in excess of the book value, the book value of the contract may not reflect this difference. For January 1, 1943, the remaining principal unpaid on sales contracts was approximately 15.8 percent larger than the book value for 10 insurance companies holding about 61 percent of the total mortgage loans. Similarly, the market value of the real estate may exceed the book value. For 12 companies holding 72.5 percent of the real estate, the market value was estimated to exceed the book value by 11.7 percent.

^{3/} Data presented by Norman J. Wall before the Temporary National Economic Committee, February 14, 1940. Processed report "Farm-Mortgage Debt and Farm Investments of Life Insurance Companies," U.S.D.A., Bureau of Agricultural Economics.

of purchase-money mortgages, the proportion of loans to total agricultural investments is again larger - about 65 percent on January 1, 1943 (table 1). This increase is not so great as might have been expected from the reduction in real estate held outright. Because of the popularity of sales contracts - which are not included in the statistics of mortgages - as a method of financing the sale of property, reductions of real estate held outright have not resulted in a corresponding increase in purchase-money mortgages.

Since 1932, the total agricultural investment of insurance companies, including the asset value of real estate held outright and the book value of sales contracts as well as their mortgage investment, has declined continuously. In the years immediately following 1932, the decrease in farm loans was larger than the increase in investment in the form of real estate held outright and sales contracts. This was due in large degree to the substantial amount of insurance-company loans refinanced during this period by the Federal land banks and the Land Bank Commissioner. The Farm Credit Administration in its annual reports shows the estimated percentage of loan proceeds of the Federal land banks and the Land Bank Commissioner used to refinance loans held by insurance companies for all the years, 1933-41, except 1935. By applying these percentages to the total amount of loans closed by these agencies it is possible to indicate with a fair degree of accuracy the amount of insurance-company loans liquidated through such refinancing (table 2). If the amount so liquidated is in turn related to total amount of principal liquidated on insurance-company loans as determined by adding total mortgage recordings for insurance companies to the outstanding loans at the beginning and subtracting outstanding loans at the end of the year, it is found that about 39 percent of the total principal liquidated for insurance companies in 1934 was refinanced by the land banks and the Commissioner. No figures are available for 1935, but in 1936 the figure was nearly 13 percent. In the following years it continued to drop, so that for 1941 - the latest date for which such data are available - it was only 5.2 percent.^{4/} In the more recent years, the total investment in loans and in real estate and sales contracts has declined. These decreases are due in large degree to increased principal repayments out of increased farm income, savings, and other sources of funds and substantial down payments received on the farms that were sold.

RELATIVE IMPORTANCE OF INSURANCE COMPANIES AS LENDERS ON FARM MORTGAGES

Although farm-mortgage investments of life insurance companies decreased moderately during 1942, this lender group held a relatively larger proportion of the total farm-mortgage debt on January 1, 1943 than it held a year earlier (fig. 1). In other words, the percentage decrease in loans held by life insurance companies was less than the percentage decrease which occurred in the total farm-mortgage indebtedness. This is a continuation of the increased relative importance of insurance companies as lenders on farm mortgages in evidence over the last 6 years (table 1). On January 1, 1938, the ratio of insurance-company mortgage investments to total farm-mortgage debt was 12.4

^{4/} The recording figures no doubt include varying amounts of insurance-company loans refinanced by themselves. The net liquidation figures, therefore, would probably be somewhat overstated.

Table 2.- Farm-mortgage loans of life insurance companies refinanced by the Federal land banks and the Land Bank Commissioner, 1934-42 ^{1/}

Year	Loans closed by Federal land banks and Land Bank Commissioner 1,000 dollars	Loan proceeds used to refinance insurance-company loans		Total principal liquidated for insurance companies ^{3/} 1,000 dollars	Ratio of principal liquidated to mortgages outstanding on Jan. 1		Ratio of loans refinanced to total principal liquidated Percent
		Percent ^{2/}	Amount 1,000 dollars		Percent	Percent	
1934	1,283,182	13.6	174,028	447,847	27.0		38.9
1935	443,479	<u>4/</u>	<u>4/</u>	280,589	22.3		<u>4/</u>
1936	185,489	16.1	29,856	233,431	22.1		12.8
1937	102,538	11.5	11,798	169,189	18.1		7.0
1938	80,389	8.5	6,812	145,550	16.3		4.7
1939	78,691	8.5	6,665	141,970	16.0		4.7
1940	100,317	9.4	9,396	138,460	15.7		6.8
1941	102,034	7.3	7,448	143,844	16.2		5.2
1942	81,841	<u>4/</u>	<u>4/</u>	170,266	18.6		<u>4/</u>

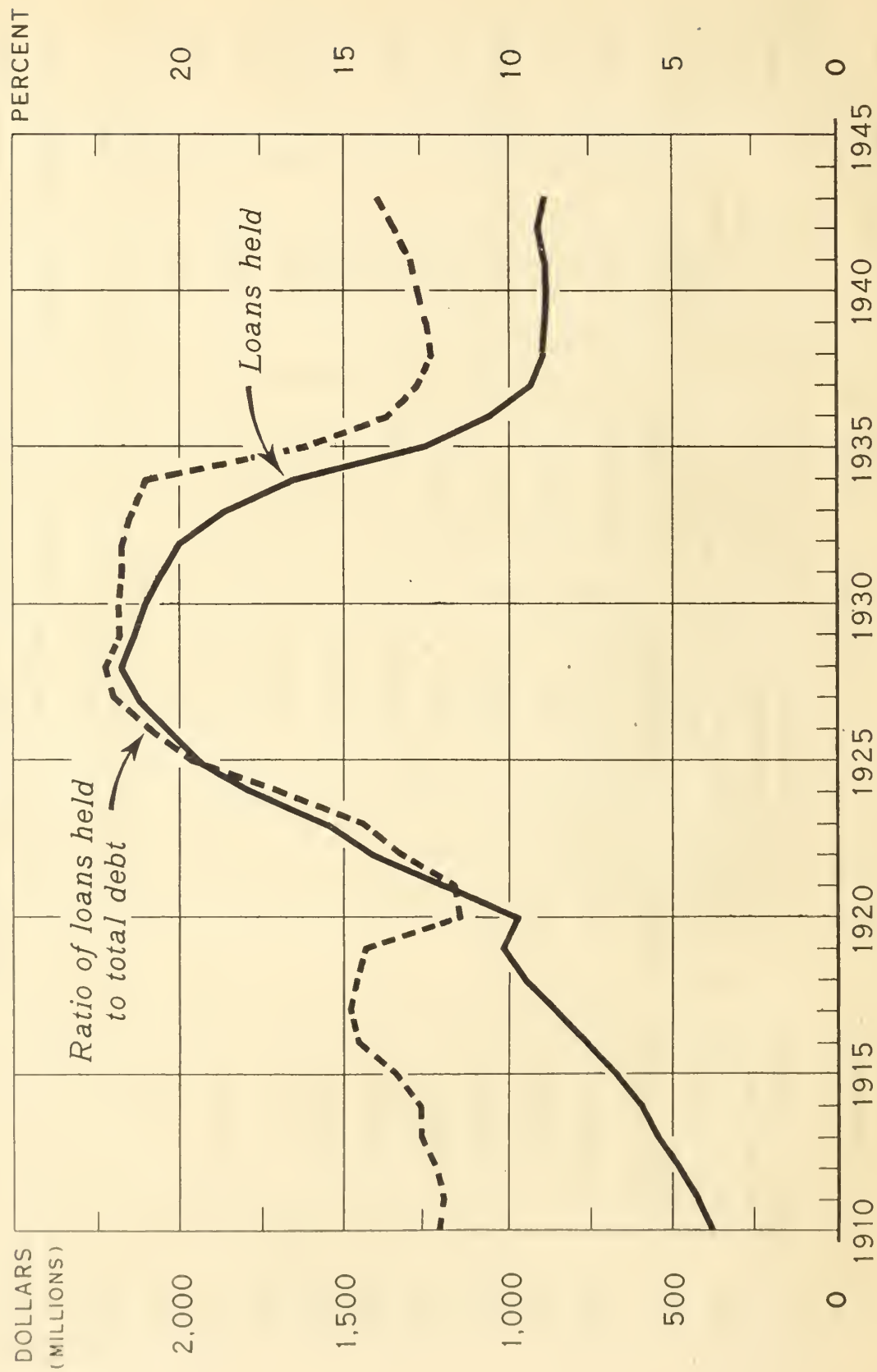
^{1/} Data on loans closed and on the percentage of Federal land bank and Land Bank Commissioner loan proceeds used to refinance insurance-company loans are calculated from data contained in the annual reports of the Farm Credit Administration.

^{2/} Average percentage for the Federal land bank and Land Bank Commissioner weighted by amount of loans closed.

^{3/} Obtained by adding the total farm-mortgage recordings for insurance companies to the amount outstanding at the beginning of the year and subtracting the amount outstanding at the end of the year.

^{4/} Data not available.

FARM-MORTGAGE LOANS HELD BY LIFE INSURANCE COMPANIES AND RATIO OF LOANS TO TOTAL FARM-MORTGAGE INDEBTEDNESS, UNITED STATES, JAN. 1, 1910-43



percent. It then rose gradually to 14.0 percent for January 1, 1943. Furthermore, on January 1, 1937, the proportion was at about the same level as the average for January 1 of the years 1910-14. Between 1914 and 1938, however, the proportion increased to a high on January 1, 1928 of 22.3 percent, with over \$2,173,000,000 outstanding in farm mortgages and then dropped to 12.4 percent on January 1, 1938.^{5/} The current relationship is about the same as that which existed during World War I. However, during World War I both the farm-mortgage debt and insurance-company holdings were increasing, whereas for 1943, both the total farm-mortgage debt and the loans held by insurance companies are continuing to decline. The total mortgage debt appears to be falling sufficiently faster in 1943 than the holdings of insurance companies to enable these lenders to more than maintain their relative position.^{6/}

The reduction in outstanding loans of insurance companies relative to other lenders during the first 8 years of the 1930's is due to several factors, some of which are common with the factors responsible for the decrease in absolute amounts. The primary factor, as previously mentioned, is the refinancing of insurance-company loans by the Federal land banks and the Land Bank Commissioner. This refinancing had the double effect of decreasing the relative position of insurance companies and concurrently increasing the relative position of the Federal agencies. But other factors also entered into the changed relationship between lenders during this period. The new loans being made by insurance companies were lessening and at the same time foreclosures were in substantial volume. Both of these factors, as well as the amount being refinanced, tended to decrease loans held, whereas for the Federal agencies new loans made increased from 28 million dollars in 1932 to 222 million in 1933 and to 1,284 million in 1934. In addition to those refinanced for life insurance companies, these new loans include new and increased mortgages growing out of the funding of short-term debt as well as mortgages refinanced by the Federal agencies for other lenders.

The increased proportion of the total farm-mortgage debt held by insurance companies in 1942 reflects principally a substantial decrease in new loans made by the Federal agencies and a maintenance of the level in new loans

^{5/} For historical data on farm-mortgage debt held by insurance companies, 1910-40, see "Farm-Mortgage Credit Facilities in the United States," Miscellaneous Publication 478, U. S. Department of Agriculture, 1942, p. 12. For current data see "Agricultural Finance Review," U. S. Department of Agriculture, Bureau of Agricultural Economics, Nov. 1942, appendix table 1 and release, "Accelerated Decline in Farm Real Estate Debt During 1942," U. S. Department of Agriculture, Bureau of Agricultural Economics, Aug. 1943.

^{6/} Reports from the Association of Life Insurance Presidents, covering 36 member companies whose assets represent 82 percent of the total admitted assets of all United States legal reserve life insurance companies, show that the mortgage investments of these companies on June 30, 1943 were about 2 percent less than for January 1, 1943, whereas preliminary figures on total farm-mortgage debt for June 30, 1943 indicate a reduction of slightly more than 3 percent.

made by insurance companies.^{7/} This latter factor resulted from increased purchase-money mortgages made and a slightly decreased volume of regular mortgages made.^{8/}

CONCENTRATION OF LOANS

The amount of farm-mortgage loans held by life insurance companies on January 1, 1943 was concentrated to a large degree in the West North Central States. Moreover, there has been a decided tendency toward greater concentration, particularly in the Corn Belt proper, in recent years. This tendency can probably be attributed in no small part to the variations, by areas, in the extent to which mortgages were liquidated in the earlier years through refinancing of loans and through involuntary transfers to mortgagees of the real estate securing mortgage loans. In the Great Plains, where foreclosures and involuntary transfers were relatively heavy, outstanding loans held by insurance companies were reduced to a greater degree than in the Corn Belt proper. In recent years these farms have been sold and many purchase-money mortgages have been taken back. However, because of greater losses on farms in the poorer areas, and because many of the farms acquired in these areas have been sold on contract rather than outright, the general tendency toward concentration of mortgage holdings in the Corn Belt was fairly continuous over the last decade. In addition to these factors, it is probable that the experience of insurance companies in the Great Plains has resulted in less emphasis being placed on new loans in this area, and, with more favorable farmer incomes, the relative amount of debt liquidated in the Great Plains continues to be relatively large.

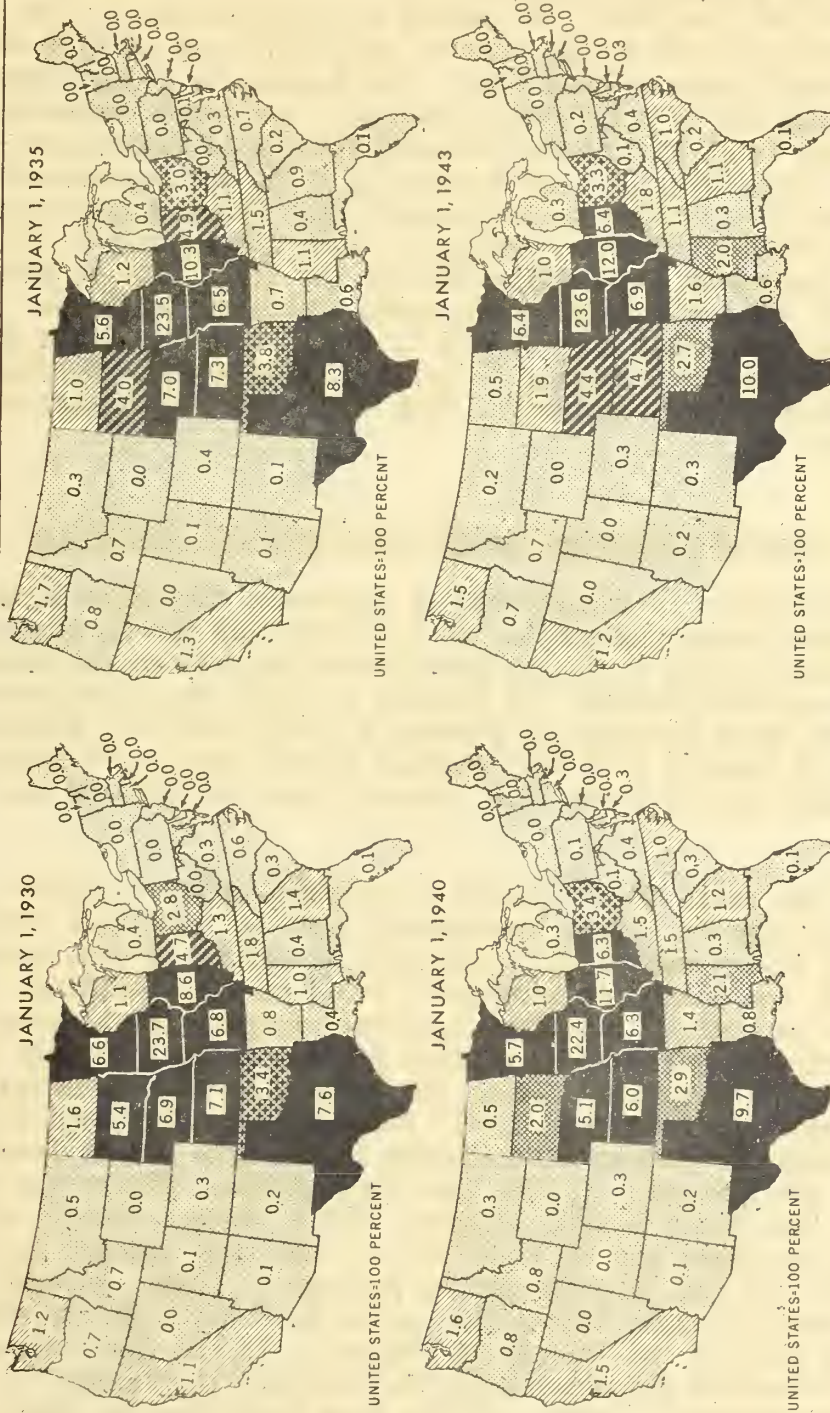
Amount Held by States

Over 65 percent of the total investment of insurance companies in farm mortgages on January 1, 1943, or \$581,672,000 out of \$891,441,000, was in the six States of Minnesota, Iowa, Illinois, Indiana, Missouri, and Texas. The addition of four States - Nebraska, Kansas, Oklahoma, and Ohio - brings this percentage to 80 percent (fig. 2). Similar percentages for earlier years indicate that some shifts have occurred in the area of greatest concentration. On January 1, 1930, the same six States mentioned above accounted for only 58 percent as compared with 65 percent as of January 1, 1943. For the same date in 1940 they accounted for 62 percent. The reverse trend is shown for the States in the Great Plains area - North Dakota, South Dakota, Nebraska, Kansas, and Oklahoma. These five States on January 1, 1930 had 24.4 percent of the total insurance-company loans outstanding. On the same date for 1935, 1940, and 1943 they had 23.1 percent, 16.5 percent, and 14.2 percent respectively.

^{7/} New loans made by the Federal land banks and the Land Bank Commissioner during 1942 were only 80.2 percent of those made during 1941.

^{8/} Purchase-money mortgages are mortgages which are given by the buyer to the seller of a farm to pay all or a part of the purchase price of the property. A distinction is made throughout this report between purchase-money mortgages and other or regular mortgages in order to segregate the influence of real estate sales on the loan portfolio of insurance companies.

FARM-MORTGAGE LOANS HELD BY LIFE INSURANCE COMPANIES BY STATES AS A PERCENTAGE OF
TOTAL LOANS HELD BY LIFE INSURANCE COMPANIES, JAN. 1, 1930, 1935, 1940, AND 1943



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FIGURE 2

Amount Held Relative to Other Lenders, by States

Despite the continued trend toward the concentration of insurance-company loans in the Corn Belt, the amount of their loans in this area relative to other lenders decreased during most of the 1930's and only in recent years has tended to regain some of this loss. For January 1, 1930, before the period of maximum refinancing by the Federal agencies, insurance companies held over 25 percent of the total State farm-mortgage debt in 11 States and as much as 41.8 percent in Iowa (fig. 3). By January 1, 1940, the percentage for Iowa had dropped from 41.8 percent to 30 percent, with similar reductions for a number of other States. Between January 1, 1940 and January 1, 1943, insurance companies have increased their proportion of the total debt in numerous States, whereas a few of the other States have shown continued decreases. Most of the increases, it will be noted from figure 3, are in the West North Central States, with scattered increases occurring in certain other areas. Declines continued in Georgia, Tennessee, and Louisiana, with slight decreases also noted in a few other States.

Loan Concentration Among Life Insurance Companies

With the decline in investments of insurance companies in farm mortgages after they reached their maximum in the late twenties the larger insurance-company investors in farm mortgages have tended to hold an increased proportion of the total loans outstanding. On January 1, 1930, the 5 largest investors, as determined by their holdings on January 1, 1943 held 46.2 percent of the total, and the 10 largest held 66.9 percent of the total. On January 1, 1940, these percentages were 51.9 and 71.0 percent, and for 1943, 52 and 72.1 percent (table 3).

Even on the basis of the change in proportion for a shorter period, 1940-43, the tendency for large investors to hold an increased proportion of the total loans in certain of the geographic divisions is also noticeable. For January 1, 1940, the 5 largest investors, based on their holdings January 1, 1943, held 52.6 percent of the total insurance-company investments in mortgages in the West North Central States, whereas 3 years later they held 54.4 percent. However, for the 17 companies holding the largest amount of mortgages there was little change. On January 1, 1943, these 17 companies held 89.9 percent of the total insurance-company investments in the area and on January 1, 1940, 89.0 percent. The situation in the East North Central States was the reverse of that in the West North Central States. The 5 largest holders of mortgages in this region accounted for 65.7 percent of the total company loans on January 1, 1940, and for 62.2 percent on January 1, 1943. However, the tendency in the South Atlantic States and in the East South Central States is consistent with that in the West North Central. In the South Atlantic States, the 5 largest insurance companies held 52.4 percent for January 1, 1940 and 57.5 percent for January 1, 1943. In the East South Central States they held 61.4 percent and 67.2 percent for the respective dates. On the other hand, in the West South Central States the holdings of the 5 largest companies were consistent with those of the East North Central States, the decrease being from 27.1 percent to 24.7 percent.

FARM-MORTGAGE LOANS HELD BY LIFE INSURANCE COMPANIES BY STATES AS A PERCENTAGE OF
TOTAL STATE FARM-MORTGAGE DEBT, JAN. 1, 1930, 1935, 1940, AND 1943

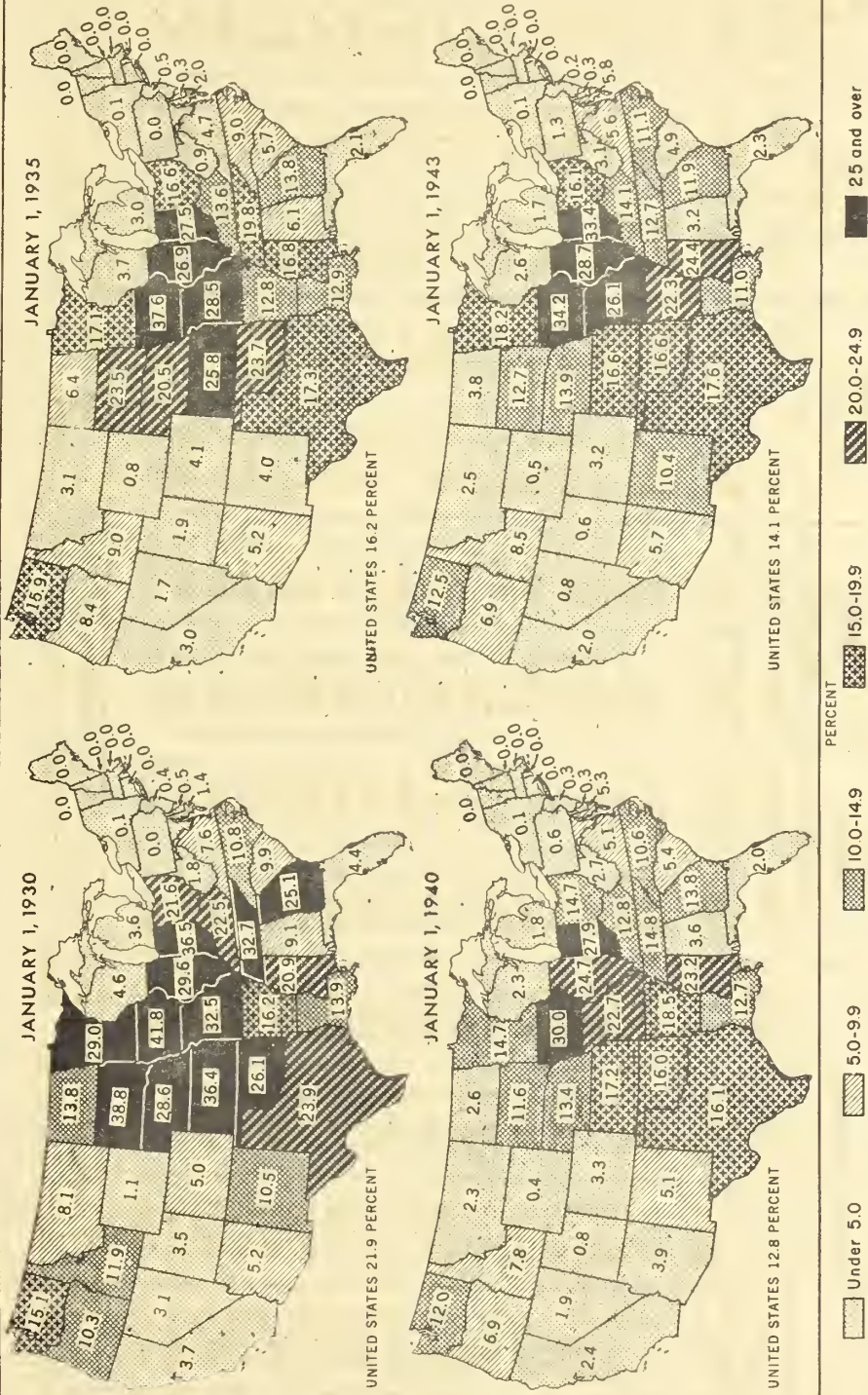


FIGURE 3

Table 3.- Cumulative percentage of total farm-mortgage investments held by 17 individual life insurance companies for United States, by selected regions, January 1, 1930, 1935, 1940, and 1943

Compani. s	United States				East North Central		West North Central	South Atlantic	East South Central	West South Central
	1930	1935	1940	1943	1940	1943	1940	1943	1940	1943
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1	9.1	11.2	19.4	20.2	26.4	26.4	15.8	17.4	28.6	31.1
2	18.5	20.0	27.8	30.2	34.0	35.4	25.5	28.8	47.5	56.7
3	28.8	31.2	37.1	38.3	52.0	50.5	34.5	37.0	50.1	57.7
4	37.4	41.6	44.8	46.0	58.9	56.4	45.9	49.1	52.4	58.6
5	46.2	50.5	51.9	52.0	65.7	62.2	52.6	54.4	61.4	67.2
6	50.2	54.0	55.6	56.6	65.7	62.2	57.2	60.0	61.4	67.2
7	52.9	57.0	59.4	61.1	66.7	65.2	64.6	67.8	61.4	67.2
8	60.8	64.3	64.3	65.3	72.4	70.8	70.7	72.7	67.4	73.6
9	64.0	68.0	68.0	69.0	73.1	72.8	75.3	76.8	67.4	73.6
10	66.9	70.6	71.0	72.1	78.1	78.2	77.1	78.6	67.4	73.6
11	74.5	77.8	75.4	74.5	82.2	80.2	80.5	80.5	74.9	77.0
12	76.0	79.3	77.4	76.8	84.2	83.2	82.2	82.6	80.4	81.7
13	77.1	80.1	78.7	78.6	85.2	85.1	83.5	84.3	84.4	85.8
14	79.2	82.1	80.4	80.4	89.2	88.1	85.0	85.9	84.4	85.8
15	80.3	83.3	81.8	82.2	89.4	88.5	86.7	87.7	85.4	89.8
16	80.8	84.0	83.3	83.6	89.4	88.5	86.7	87.7	85.4	89.8
17	82.5	85.5	84.6	84.9	90.1	89.0	89.0	89.9	85.4	89.8

1/ Selection of the 17 largest companies and their arrangement according to size are based upon the amount of mortgages held on January 1, 1943. Based on insurance-company annual reports to the State commissioners of insurance.

COMPOSITION OF FARM-MORTGAGE INVESTMENTS

Farm-mortgage loans of life insurance companies are of two major types: regular mortgages and purchase-money mortgages. Purchase-money mortgages have some special significance because they arise directly out of the sale of real estate owned by the mortgagee. The importance of the distinction between regular mortgages and purchase-money mortgages becomes evident when the differences in trends in outstanding loans and in their size and other characteristics are noted.

It will be observed in the following paragraphs, for instance, that the amount of purchase-money mortgages increased on January 1, 1943 over that held on January 1, 1942, whereas the amount of regular mortgages decreased slightly. As the real estate investment is diminished through the sale of farms, fewer purchase-money mortgages will be made and the principal repayments on such mortgages may soon equal or exceed new loans. However, this may not occur as soon as might be expected from the number of farms remaining unsold by insurance companies, as the average size of purchase-money mortgages shows an increase on January 1, 1943 over that for a year earlier.

Amount of Purchase-Money and Regular Mortgages

Estimates based upon data for 54 companies covering more than 87 percent of the total farm-mortgage loans of insurance companies indicate that purchase-money mortgages outstanding January 1, 1943 were about \$177,902,000 or 19.5 percent of the total of \$891,441,000 for all mortgages held by insurance companies. The difference of about \$713,539,000 is made up of regular mortgages. The relative amounts of these mortgages, by States, for January 1, 1942 and 1943 are shown in table 4.

The relationship of purchase-money mortgages to total loans, by States, varies considerably from that of the United States, the proportion being the highest in the South Atlantic and West South Central States, where the percentages are slightly in excess of 29 and 24 respectively. In these divisions, South Carolina and Georgia show particularly high ratios of 52 and 57 percent. Certain States in other areas also show unusually high ratios. These high ratios reflect principally the number of farms previously held and the extent to which this farm real estate has subsequently been sold. In some of the States the ratios are influenced also by the degree to which the sales contract has been used to finance the sale of the properties. However, in general it is noted that those States which show a high ratio of purchase-money mortgages also have relatively large numbers of sales contracts. Furthermore, these ratios may also reflect few regular mortgages rather than a large number of purchase-money mortgages and may therefore indicate areas in which insurance companies are contracting their regular loan business.

In the South Atlantic States, purchase-money mortgages were 4.8 percent of the total for the United States, whereas these States accounted for only 2.9 percent of the total regular loans (table 5). These relatives may be compared with the West North Central States where purchase-money mortgages were 52.6 percent and regular mortgages were 50.8 percent respectively. In

Table 4.- Outstanding farm-mortgage loans of life insurance companies: Amount of purchase-money mortgages, regular mortgages, and total by States, January 1, 1942-43 1/

State and division	January 1, 1942					January 1, 1943				
	Purchase-money mortgages		Regular mortgages		Total	Purchase-money mortgages		Regular mortgages		Total
	Amount	Percent- age of total	Amount	Percent- age of total	Amount	Amount	Percent- age of total	Amount	Percent- age of total	Amount
	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars
Maine	0	0.0	1	100.0	1	0	0.0	0	0.0	0
New Hampshire	0	.0	0	.0	0	0	.0	0	.0	0
Vermont	0	.0	4	100.0	4	0	.0	2	100.0	2
Massachusetts	0	.0	7	100.0	7	0	.0	7	100.0	7
Rhode Island	0	.0	0	.0	0	0	.0	0	.0	0
Connecticut	0	.0	8	100.0	8	0	.0	8	100.0	8
New England	0	.0	20	100.0	20	0	.0	17	100.0	17
New York	0	.0	328	100.0	328	6	2.3	270	97.7	276
New Jersey	0	.0	88	100.0	88	0	.0	81	100.0	81
Pennsylvania	2	.1	1,589	99.9	1,591	5	.3	1,804	99.7	1,809
Middle Atlantic ..	2	.1	2,005	99.9	2,007	11	.4	2,155	99.6	2,166
Ohio	4,785	15.4	26,287	84.6	31,072	4,677	15.9	24,740	84.1	29,417
Indiana	9,464	16.0	49,688	84.0	59,152	10,352	18.3	46,218	81.7	56,570
Illinois	10,940	10.0	98,459	90.0	109,399	13,658	12.8	93,045	87.2	106,703
Michigan	612	21.4	2,250	78.6	2,862	658	24.6	2,016	75.4	2,674
Wisconsin	678	7.4	8,486	92.6	9,164	969	10.8	7,999	89.2	8,968
East North Central	26,479	12.5	185,170	87.5	211,649	30,314	14.9	174,018	85.1	204,332
Minnesota	6,092	10.8	50,312	89.2	56,404	8,219	14.3	49,260	85.7	57,479
Iowa	28,673	14.0	176,137	86.0	204,810	38,487	18.3	171,827	81.7	210,314
Missouri	16,857	28.1	43,134	71.9	59,991	21,288	34.4	40,595	65.6	61,883
North Dakota	726	20.9	2,748	79.1	3,474	2,100	43.3	2,749	56.7	4,849
South Dakota	1,739	10.7	14,513	89.3	16,252	3,062	18.5	13,492	81.5	16,554
Nebraska	3,950	9.8	36,357	90.2	40,307	6,055	15.4	33,266	84.6	39,321
Kansas	7,302	15.2	40,736	84.8	48,038	7,719	18.3	34,463	81.7	42,182
West North Central	65,339	15.2	363,937	84.8	429,276	86,930	20.0	345,652	80.0	432,582
Delaware	1	2.9	26	97.1	27	5	18.5	22	81.5	27
Maryland	38	1.6	2,355	98.4	2,393	112	5.0	2,126	95.0	2,238
Virginia	539	13.0	3,607	87.0	4,146	462	12.1	3,353	87.9	3,815
West Virginia	74	11.8	556	88.2	630	67	10.7	557	89.3	624
North Carolina	1,451	14.8	8,352	85.2	9,803	944	11.1	7,560	88.9	8,504
South Carolina	1,205	49.4	1,235	50.6	2,440	1,013	52.6	913	47.4	1,926
Georgia	5,642	55.4	4,542	44.6	10,184	5,463	57.6	4,022	42.4	9,485
Florida	111	12.2	795	87.8	906	100	11.1	800	88.9	900
South Atlantic ...	9,061	29.1	21,468	70.9	30,529	8,166	29.1	19,353	70.9	27,519
Kentucky	1,031	6.3	15,338	93.7	16,369	1,076	6.7	14,987	93.3	16,063
Tennessee	2,488	22.6	8,520	77.4	11,008	2,118	21.5	7,732	78.5	9,850
Alabama	545	21.7	1,965	78.3	2,510	562	25.4	1,649	74.6	2,211
Mississippi	5,240	28.8	12,956	71.2	18,196	4,963	27.7	12,955	72.3	17,918
East South Central	9,304	19.2	38,779	80.8	48,083	8,719	18.8	37,323	81.2	46,042
Arkansas	2,155	14.7	12,507	35.3	14,662	2,053	14.2	12,406	85.8	14,459
Louisiana	2,065	35.7	3,720	64.3	5,785	1,995	37.3	3,354	62.7	5,349
Oklahoma	6,629	25.6	19,265	77.4	25,894	7,060	29.3	17,035	70.7	24,094
Texas	20,221	22.2	70,863	74.8	91,084	21,648	24.4	67,075	75.6	88,723
West South Central	31,070	22.8	106,355	77.2	137,425	32,756	24.9	99,870	75.1	132,626
Montana	738	33.5	1,464	66.5	2,202	911	42.4	1,237	57.6	2,148
Idaho	1,265	18.8	5,466	81.2	6,731	1,508	23.4	4,937	76.6	6,445
Wyoming	38	22.5	133	77.5	171	10	6.3	150	93.7	160
Colorado	294	10.5	2,508	89.5	2,802	322	11.9	2,388	88.1	2,710
New Mexico	194	10.1	1,725	89.9	1,919	163	6.3	2,431	93.7	2,594
Arizona	91	5.6	1,533	94.4	1,624	75	4.2	1,708	95.8	1,783
Utah	141	44.5	175	55.5	316	150	54.2	126	45.8	276
Nevada	0	.0	309	100.0	309	0	.0	143	100.0	143
Mountain	2,761	18.6	13,313	81.4	16,074	3,139	21.5	13,120	78.5	16,259
Washington	1,447	10.4	12,463	89.6	13,910	1,687	13.1	11,194	86.9	12,881
Oregon	1,255	18.5	5,528	81.5	6,783	1,446	22.1	5,097	77.9	6,543
California	3,905	34.3	7,480	65.7	11,385	4,734	45.2	5,740	54.8	10,474
Pacific	6,607	15.2	25,471	84.8	32,078	7,867	18.3	22,031	81.7	29,898
UNITED STATES	150,623	16.2	756,518	83.8	907,141	177,902	19.5	713,539	80.5	891,441

1/ Book value of total mortgages outstanding based upon reports in "Best's Life Insurance Reports." Breakdown between purchase-money mortgages and regular mortgages based upon reports of 54 life insurance companies to State commissioners of insurance.

Table 5.- Farm-mortgage loans held by 54 life insurance companies, January 1, 1943 1/
NUMBER, AMOUNT, AND AVERAGE SIZE, BY TYPE OF MORTGAGE AND BY GEOGRAPHIC DIVISION

Geographic division	Purchase-money mortgages				Regular mortgages				Total mortgages			
	Number	Amount	Average size	Number	Amount	Average size	Number	Amount	Average size	Number	Amount	Average size
		Dollars	Dollars			Dollars			Dollars			Dollars
New England	0	0	0	4	16,524	4,131				4	16,524	4,131
Middle Atlantic	3	8,454	2,818	503	1,974,659	3,926				506	1,983,113	3,919
East North Central	4,828	28,013,492	5,802	30,159	160,594,017	5,325				34,987	188,607,509	5,391
West North Central	15,445	79,498,040	5,147	53,540	317,791,895	5,936				68,985	397,289,935	5,759
South Atlantic	3,354	7,334,816	2,187	5,546	17,911,327	3,230				8,900	25,246,143	2,837
East South Central	1,861	8,313,672	4,467	6,189	35,852,721	5,793				8,050	44,166,393	5,487
West South Central	6,673	22,222,497	3,330	11,303	67,102,662	5,937				17,976	89,325,159	4,969
Mountain	612	2,308,549	3,772	1,280	8,405,409	6,567				1,892	10,713,958	5,663
Pacific	487	3,579,006	7,349	1,730	15,928,631	9,207				2,217	19,507,637	8,799
United States	33,263	151,278,526	4,548	110,254	625,577,845	5,674				143,517	776,856,371	5,413

PERCENTAGE DISTRIBUTION BY TYPE OF MORTGAGE AND BY GEOGRAPHIC DIVISION

Percentage distribution of mortgages by type of mortgage				Percentage distribution of United States total mortgages by geographic divisions			
Number		Amount		Number		Amount	
Purchase-money	Regular	Total	Purchase-money	Purchase-money	Regular	Total	Purchase-money
mortgages			mortgages	mortgages			mortgages
Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
0.0	100.0	100.0	0.0	0.0	2/	2/	0.0
.6	99.4	100.0	.4	2/	0.5	0.3	2/
13.8	86.2	100.0	14.9	14.5	27.3	24.4	18.5
22.4	77.6	100.0	20.0	46.4	48.6	43.1	52.6
37.7	62.3	100.0	29.1	10.1	5.0	6.2	4.8
23.1	76.9	100.0	18.8	5.6	5.6	5.6	5.5
37.1	62.9	100.0	24.9	20.1	10.2	12.5	14.7
32.3	67.7	100.0	21.5	1.8	1.2	1.3	1.5
22.0	78.0	100.0	18.3	1.5	1.6	1.5	2.4
23.2	76.8	100.0	19.5	100.0	100.0	100.0	100.0
United States				100.0	100.0	100.0	100.0

1/ Based on annual reports of insurance companies to State commissioners of insurance. Amounts shown are the equivalent of the book value or admitted asset value. 2/ Less than 0.05 percent.

the East North Central States, the amount of purchase-money mortgages was substantial, accounting for 18.5 percent, but 25.7 percent of the regular mortgages were also in these States.

The increased relative importance of insurance companies as farm-mortgage lenders in 1942 - as evidenced by the increased proportion of the total farm-mortgage debt held by them - can be accounted for to a large degree by the increases in purchase-money mortgages during the year. The amount of purchase-money mortgages was 18.1 percent larger on January 1, 1943 than on January 1, 1942, whereas the amount of regular mortgages was 5.6 percent less. As the volume of regular mortgages considerably outweighs the volume of purchase-money mortgages, there was a net decrease in total mortgage loans held by insurance companies of about 2 percent (table 6).

Despite the general increase in purchase-money mortgages during 1942, numerous States, notably in the Southeast and the extreme Southwest, show decreases (table 4). On the other hand, the largest percentage increases are recorded in the States of the West North Central Division (fig. 4). However, changes in the average size of the purchase-money mortgages held resulted in a much larger reduction in number than in amount for some of the Southern States, but the reverse was true in most of the Corn Belt. This in general reflects the increased average size of purchase-money mortgages held.

The percentage change in number of regular mortgages outstanding between January 1, 1942 and January 1, 1943 shows a relatively constant decrease among the States (fig. 5). Only a few scattered States show any increase in numbers. In amounts, still fewer States show increases and most of the States show greater decrease in amount than in number, again indicating a general decrease in the average size of regular mortgages outstanding.

AVERAGE SIZE OF OUTSTANDING FARM MORTGAGES

Figures on the average size of outstanding mortgages for 17 of the largest insurance companies indicate a continuous decrease during the last decade. For January 1, 1931, the average size was about \$6,400 as compared with only \$5,400 for January 1, 1943, a reduction of a little more than a sixth. Responsibility for this reduction may be attributed to any one or a combination of the following factors: (1) The average size of new loans, which in part reflects the changing level of land values, (2) the extent to which the principal amount of old loans is increased, (3) the average size of old loans liquidated in full, and (4) the amount by which old loans are being paid down. Although data are not available to indicate the responsibility of all of these factors, some available information will throw partial light on the interplay of these four factors.

During the 3 years 1936-38, the average size of new loans made, as indicated by farm-mortgage recordings for insurance companies, decreased, whereas from 1938 to 1943 the trend was reversed, with the average size increasing. Thus, from 1936-38 the average size of recordings and outstanding loans moved in the same direction but in recent years they have gone in the opposite direction.

Table 6.- Farm-mortgage loans held by 54 life insurance companies, January 1, 1942 1/

NUMBER, AMOUNT, AND AVERAGE SIZE, BY TYPE OF MORTGAGE AND BY GEOGRAPHIC DIVISION

Geographic division	Purchase-money mortgages				Regular mortgages				Total mortgages			
	Number	Amount	Average size		Number	Amount	Average size		Number	Amount	Average size	
		Dollars	Dollars			Dollars	Dollars			Dollars	Dollars	
New England	0	0	0		6	19,044	3,174		6	19,044	3,174	
Middle Atlantic	1	1,441	1,441		461	1,795,876	3,896		462	1,797,317	3,890	
East North Central	4,446	24,592,549	5,531		31,376	171,581,092	5,469		35,822	196,173,641	5,476	
West North Central	12,100	59,684,007	4,933		54,884	332,799,765	6,064		66,984	392,483,772	5,859	
South Atlantic	3,507	8,113,032	2,313		6,109	19,759,187	3,234		9,616	27,872,219	2,899	
East South Central	2,088	8,892,532	4,259		6,395	37,366,886	5,843		8,483	46,259,418	5,453	
West South Central	6,451	21,550,584	3,341		12,343	72,792,053	5,897		18,794	94,342,637	5,020	
Mountain	552	1,989,769	3,605		1,401	8,705,979	6,214		1,953	10,695,748	5,477	
Pacific	479	3,249,838	6,785		1,921	18,118,942	9,432		2,400	21,368,780	8,904	
United States	29,624	128,073,752	4,323		114,896	662,938,824	5,770		144,520	791,012,576	5,473	

PERCENTAGE DISTRIBUTION BY TYPE OF MORTGAGE AND BY GEOGRAPHIC DIVISION

Geographic division	Percentage distribution of mortgages by type of mortgage				Percentage distribution of United States total mortgages by geographic divisions			
	Number	Amount	Regular	Total	Number	Amount	Regular	Total
	Purchase-money mortgages	Purchase-money mortgages	Purchase-money mortgages	Purchase-money mortgages	Purchase-money mortgages	Purchase-money mortgages	Purchase-money mortgages	Purchase-money mortgages
New England	0.0	100.0	100.0	100.0	2.0	0.0	2.0	2.0
Middle Atlantic	.2	99.8	100.0	100.0	0.3	2.0	0.3	0.2
East North Central	12.4	87.6	100.0	100.0	19.2	19.2	25.9	24.8
West North Central	18.1	81.9	100.0	100.0	46.3	46.6	50.2	49.6
South Atlantic	36.5	63.5	100.0	100.0	6.7	6.3	3.0	3.5
East South Central	24.6	75.4	100.0	100.0	5.9	7.0	5.6	5.9
West South Central	34.3	65.7	100.0	100.0	13.0	16.8	11.0	11.9
Mountain	28.3	71.7	100.0	100.0	1.3	1.6	1.3	1.4
Pacific	20.0	80.0	100.0	100.0	1.7	2.5	2.7	2.7
United States	20.5	79.5	100.0	100.0	100.0	100.0	100.0	100.0

1/ Based on annual reports of insurance companies to State commissioners of insurance. Amounts shown are the equivalent of the book value or admitted asset value.

2/ Less than 0.05 percent.

PERCENTAGE CHANGE IN NUMBER AND AMOUNT OF PURCHASE
MONEY MORTGAGES HELD BY LIFE INSURANCE COMPANIES
FROM JAN. 1, 1942 TO JAN. 1, 1943

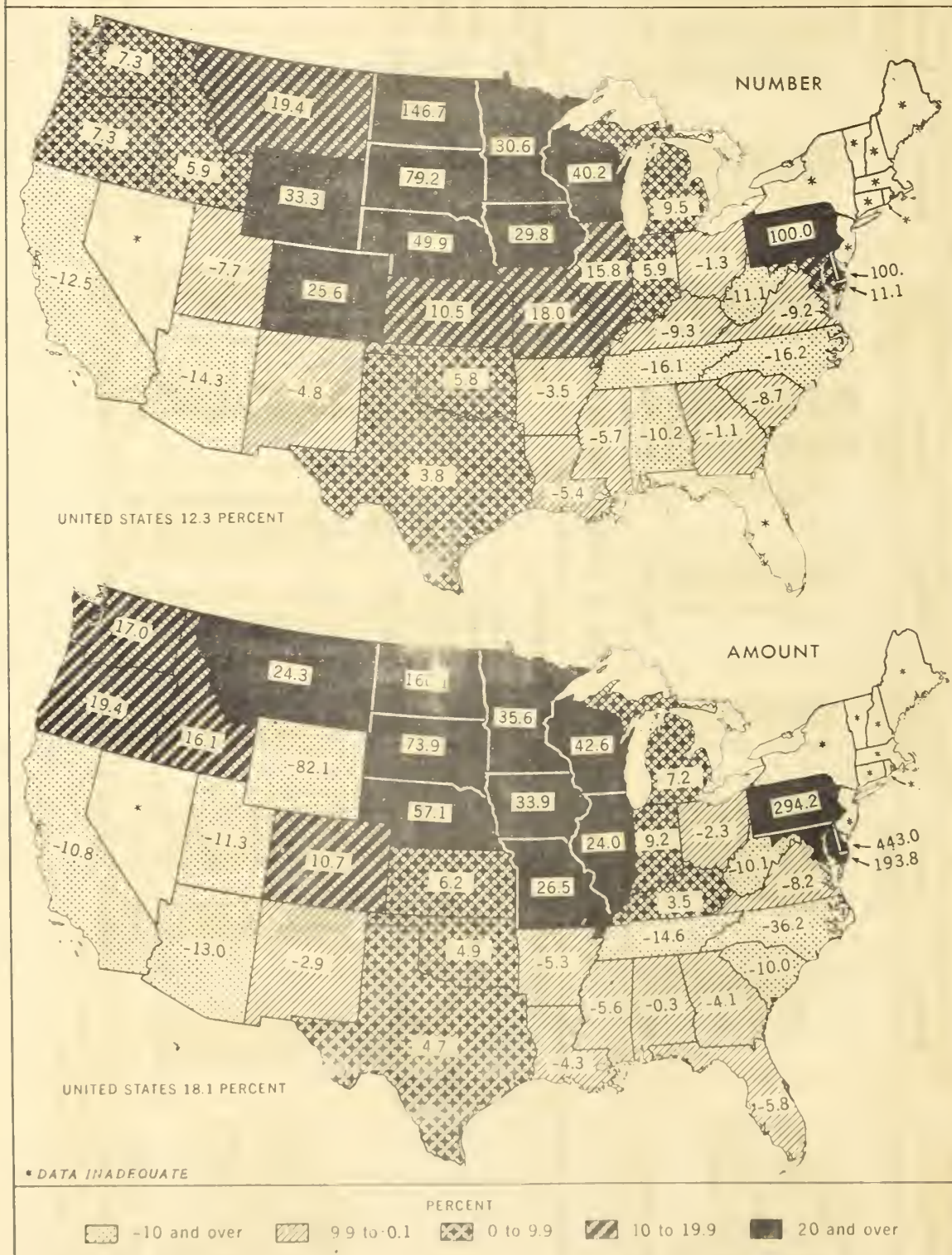


FIGURE 4

Although the data for 17 companies used as a basis for determining the annual average size of outstanding loans in the previous paragraph are probably adequate for United States figures, they would not be accurate enough to show variations by States. Consequently, for January 1, 1942 and 1943, data have been prepared showing the average size of outstanding loans for the 54 companies reporting to State commissioners of insurance (table 7).

The average size of outstanding loans for January 1, 1943 varies by States from extremely large average size loans in Florida, New Jersey, Arizona, and New Mexico to very small average size loans in Utah and New York. These are areas in which the volume of insurance-company loans is relatively insignificant and probably on specialized types of farms. In other areas in which the volume of loans is more substantial it is found that the larger loans are generally in the West North Central Division, with the smaller loans in the South and Southeast.

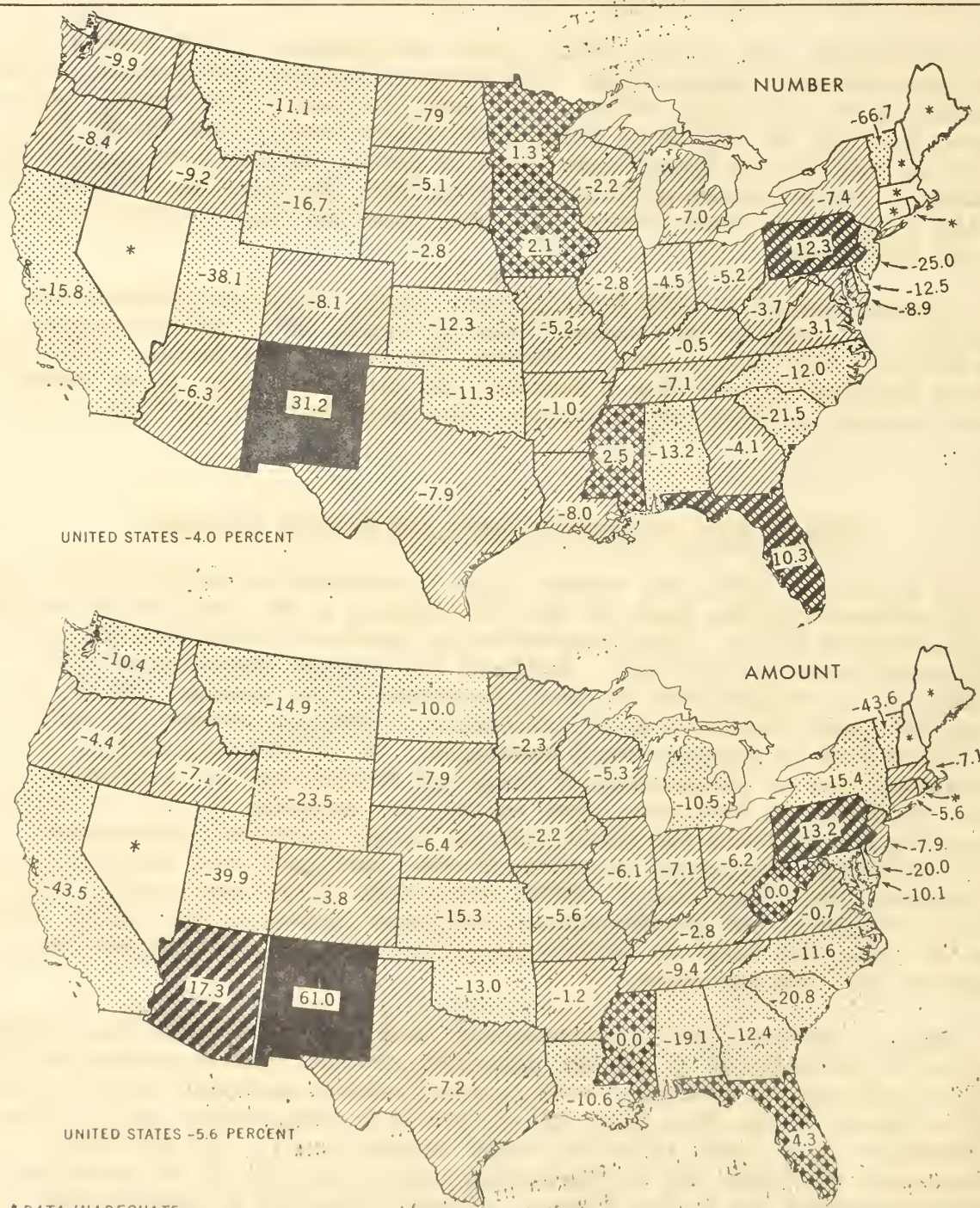
Between January 1, 1942 and January 1, 1943, the slight decrease in average size of loans for the United States is found to be common to almost all of the States. Only four States - Vermont, New Jersey, New Mexico, and Arizona - showed an increase of more than 5 percent. On the other hand, eight States showed a decrease of more than 5 percent, and these were in the East and far West.

Average Size of Purchase-Money and Regular Mortgages

On January 1, 1943, the average size of outstanding purchase-money mortgages is estimated on the basis of the 54 companies to be about \$4,548 and for regular mortgages \$5,674. This represents an increase for purchase-money mortgages of \$225 over January 1, 1942 and a decrease for regular mortgages of \$96. Therefore, it is evident that the small decrease in the average size of outstanding mortgages mentioned in the preceding paragraphs occurred in spite of an increased size of purchase-money mortgages. It is further probable that the increased size of purchase-money mortgages outstanding is attributable to the size of these new mortgages made, whereas the decrease in size of regular mortgages is due to fewer new loans made and larger principal repayments. Although principal repayments on purchase-money mortgages have been voluminous, they have not been sufficient to offset the amount of new loans made. With the future volume of new purchase-money mortgages limited to the amount of real estate for sale, the trend in their average size as well as in amount may be reversed in the next few years.

Despite the fact that purchase-money mortgages are smaller than regular mortgages in the majority of States, there are several States, particularly in the West North Central Division, where purchase-money mortgages are the larger. For those States in the Corn Belt that do not show this precise relationship, the difference is so small as to be almost insignificant. The fact that purchase-money mortgages are substantially smaller in most of the South may be partially accounted for by the practice of many companies of subdividing acquired plantations into smaller units and selling these units as individual farms.

PERCENTAGE CHANGE IN NUMBER AND AMOUNT OF REGULAR MORTGAGES HELD BY LIFE INSURANCE COMPANIES FROM JAN. 1, 1942 TO JAN. 1, 1943



PERCENT

-10 and over	-9.9 to -1	0 to 9.9	10 to 19.9	20 and over
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FIGURE 5

Table 7.- Average size of farm-mortgage loans outstanding of 54 life insurance companies, January 1, 1942-43^{1/}

State and geographic division	January 1, 1942			January 1, 1943			Percentage change, 1942-43		
	Purchase-money mortgages	Regular mortgages	Total	Purchase-money mortgages	Regular mortgages	Total	Purchase-money mortgages	Regular mortgages	Total
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent
Maine	-	-	-	-	-	-	-	-	-
New Hampshire	-	-	-	-	-	-	-	-	-
Vermont	0	1,181	1,181	0	2,000	2,000	0.0	69.3	69.3
Massachusetts	0	7,000	7,000	0	6,500	6,500	.0	-7.1	-7.1
Rhode Island	-	-	-	-	-	-	-	-	-
Connecticut	0	4,250	4,250	0	4,012	4,012	.0	-5.6	-5.6
New England	-	3,174	3,174	-	4,131	4,131	-	30.2	30.2
New York	0	2,013	2,013	2,774	1,838	1,852	.0	-8.7	-8.0
New Jersey	0	22,019	22,019	0	27,050	27,050	.0	22.8	22.8
Pennsylvania	1,441	4,038	4,038	2,840	4,068	4,062	97.1	.7	.7
Middle Atlantic	1,441	3,896	3,890	2,818	3,926	3,919	95.6	.8	.7
Ohio	4,890	4,662	4,696	4,839	4,610	4,645	-1.0	-1.1	-1.1
Indiana	4,777	3,899	4,017	4,924	3,791	3,958	3.1	-2.8	-1.5
Illinois	7,095	7,473	7,433	7,602	7,218	7,265	7.1	-3.4	-2.3
Michigan	4,101	3,229	3,383	4,013	3,107	3,290	-2.1	-3.8	-2.7
Wisconsin	4,845	5,112	5,091	4,929	4,949	4,947	1.7	-3.2	-2.8
East North Central	5,531	5,469	5,476	5,802	5,325	5,391	4.9	-2.6	-1.6
Minnesota	5,796	5,887	5,878	6,019	5,677	5,723	3.8	-3.6	-2.6
Iowa	7,560	8,192	8,097	7,801	7,854	7,844	3.2	-4.1	-3.1
Missouri	3,226	4,595	4,105	3,459	4,574	4,117	7.2	-5	.3
North Dakota	2,986	3,341	3,260	3,149	3,263	3,212	5.5	-2.3	-1.5
South Dakota	4,127	4,551	4,501	4,003	4,421	4,337	-3.0	-2.9	-3.6
Nebraska	5,117	5,619	5,566	5,361	5,415	5,407	4.8	-3.6	-2.9
Kansas	3,750	3,683	3,693	3,604	3,556	3,565	-3.9	-3.4	-3.5
West North Central	4,933	6,064	5,859	5,147	5,936	5,759	4.3	-2.1	-1.7
Delaware	790	3,284	3,007	2,145	3,004	2,813	171.5	-8.5	-6.5
Maryland	4,090	5,435	5,406	10,706	5,366	5,504	161.8	-1.3	1.8
Virginia	3,551	5,553	5,174	3,591	5,691	5,314	1.1	2.5	2.7
West Virginia	7,872	4,874	5,103	7,959	5,060	5,265	1.1	3.8	3.2
North Carolina	2,950	2,564	2,615	2,246	2,576	2,535	-23.9	.5	-3.1
South Carolina	2,263	2,908	2,549	2,230	2,933	2,516	-1.5	.9	-1.3
Georgia	2,068	2,625	2,284	2,006	2,399	2,155	-3.0	-8.6	-5.6
Florida	32,179	23,988	24,755	30,322	22,676	23,331	-5.8	-5.5	-5.8
South Atlantic	2,313	3,234	2,899	2,187	3,230	2,837	-5.4	-1.1	-2.1
Kentucky	3,181	6,771	6,321	3,630	6,611	6,267	14.1	-2.4	-9.9
Tennessee	2,652	3,483	3,253	2,698	3,398	3,219	1.7	-2.4	-1.0
Alabama	2,574	3,420	3,192	2,859	3,188	3,097	11.1	-6.8	-3.0
Mississippi	7,091	9,029	8,369	7,096	8,806	8,256	.1	-2.5	-1.4
East South Central	4,259	5,843	5,453	4,467	5,793	5,487	4.9	-9	.6
Arkansas	3,905	6,263	5,752	3,833	6,247	5,734	-1.8	-3	.3
Louisiana	5,432	5,672	5,584	5,496	5,515	5,508	1.2	-2.8	-1.4
Oklahoma	2,373	3,158	2,911	2,354	3,098	2,835	-8	-1.9	-2.6
Texas	3,720	8,646	6,680	3,756	8,716	6,592	4.0	.8	-1.3
West South Central	3,341	5,897	5,020	3,330	5,937	4,969	-3	.7	-1.0
Montana	3,678	6,164	5,025	3,827	5,904	4,799	4.1	-4.2	-4.5
Idaho	3,438	5,582	4,996	3,771	5,427	4,922	9.7	-2.8	-1.5
Wyoming	3,557	6,142	5,281	478	5,641	3,346	-86.6	-8.2	-36.6
Colorado	4,683	6,051	5,871	4,129	6,329	5,953	-11.8	4.6	1.4
New Mexico	3,087	18,116	12,161	3,146	22,216	16,065	1.9	22.6	32.1
Arizona	6,373	9,500	9,246	6,467	11,895	11,488	1.5	25.2	24.2
Utah	2,134	1,647	1,833	2,050	1,599	1,816	-3.9	-2.9	-9
Nevada	-	-	-	-	-	-	-	-	-
Mountain	3,605	6,214	5,477	3,772	6,567	5,663	4.6	5.7	3.4
Washington	8,624	9,933	9,779	9,403	9,879	9,814	9.0	-5	.4
Oregon	5,296	7,788	7,164	5,895	8,132	7,502	11.3	4.4	4.7
California	6,502	11,123	8,941	6,628	7,463	7,061	1.9	-32.9	-21.0
Pacific	6,785	9,432	8,904	7,349	9,207	8,799	8.3	-2.4	-1.2
UNITED STATES	4,323	5,770	5,473	4,548	5,674	5,413	5.2	-1.7	-1.1

^{1/} Based on annual reports to State commissioners of insurance.

From the standpoint of the change in the average size of regular and purchase-money mortgages between January 1, 1942 and January 1, 1943, it will be observed that all of the possible combinations of increase and decrease between the types occurred. In most of the States, the average size of purchase-money mortgages increased, whereas the size of regular mortgages decreased. The reverse was true in only 3 States - Colorado, North Carolina, and South Carolina. However, in 10 States both types of mortgages decreased and in 7 States both increased.

NEW FARM-MORTGAGE LOANS MADE

The increased amount of purchase-money mortgages and the decreased amount of regular mortgages noted above are manifestly the result of an excess of additions to the loan account over total liquidation of principal in the case of purchase-money mortgages and an excess of principal liquidations over additional loans in the case of regular mortgages, but such increases or decreases in outstanding loans do not show either the extent of new loans or principal repayments. Figures for 54 life insurance companies show that in the case of purchase-money mortgages, the additional new loans made during 1942 totaled \$49,321,433, or 38.4 percent of the loans outstanding at the beginning of the year, whereas regular mortgages totaled \$62,337,898, or only 9.3 percent. Total new loans made thus amounted to \$111,659,331 for both types of loans or 14.0 percent of total loans outstanding (table 8). As the loans outstanding for the 54 companies on January 1, 1943 are about 87 percent of the total loans for all companies, it is probable that the total additions to the loan account would approximate \$130,000,000 during 1942. Of the total new purchase-money mortgage loans made during 1942, only a fraction of a percent were made to cover delinquent interest, taxes, and other items; the remainder were new loans in connection with the sale of real estate. However, in the case of regular mortgages, 9.3 percent were transfers^{9/} and 4.9 percent were increased mortgages to cover taxes, interest, and other items. The remainder, or 85.8 percent, were new loans in cash or mortgages purchased.

New purchase-money mortgages made during 1941 were 34.4 percent of outstanding purchase-money mortgages at the beginning of that year compared with 38.4 percent for 1942; whereas new regular mortgages made were 11.0 percent in 1941 compared with 9.3 percent in 1942. The average for all loans was 14.2 percent for the earlier year as compared with 14.0 percent for 1942. Purchase-money mortgages made in 1942 were 132 percent of those made in 1941, whereas regular mortgage loans were only 84.2 percent of those for the previous year. However, there was an increase in transfers of 38.9 percent, whereas new regular mortgages made and purchased decreased 15.8 percent, and additional loans on refunded mortgages decreased 16.0 percent.

^{9/} Loans substituted by new papers. This includes transfers of purchase-money mortgages to regular mortgages, when, on renewal, new papers are substituted, and the mortgages otherwise qualify as new mortgages.

Table 8.- Farm-mortgage loans of life insurance companies, amounts held, total additions to loan accounts, and total liquidations for 54 companies, during 1941 and 1942 1/

Item	1941						1942						Percentage change 1941-42					
	Purchase-money mortgages			Regular mortgages			Total			Purchase-money mortgages			Regular mortgages			Total		
	Amount	Per- cent- age of book value $\frac{2}{2}$	Percent	Amount	Per- cent- age of book value $\frac{2}{2}$	Percent	Amount	Per- cent- age of book value $\frac{2}{2}$	Percent	Amount	Per- cent- age of book value $\frac{2}{2}$	Percent	Amount	Per- cent- age of book value $\frac{2}{2}$	Percent	Amount	Per- cent- age of book value $\frac{2}{2}$	Percent
Book value of mortgages owned, January 1	108,686	100.0		673,553	100.0		128,380	100.0		667,979	100.0		796,359	100.0		18.1	-0.8	
New loans made or purchased 3/	37,358	34.4		74,022	11.0		49,321	38.4		62,338	9.3		111,659	14.0		32.0	-15.8	
Additional loans on refunded mortgages 4/	86	.1		4,267	.6		74	.1		3,584	.5		3,658	.5		-13.4	-16.0	
Transfers 5/.....	60	.1		4,860	.7		63	6/		6,749	1.0		6,812	.9		4.0	38.9	
Total additions	37,504	34.5		83,149	12.3		49,458	38.5		72,671	10.9		122,129	15.3		31.9	-12.6	
Payments on principal, including cash on mortgages refunded 1/	15,935	14.7		73,912	11.0		24,556	19.1		99,409	14.9		123,965	15.6		54.1	34.5	
Mortgages liquidated and transferred to real estate	1,466	1.3		9,848	1.5		770	.6		4,685	.7		5,455	.7		-47.5	-52.4	
Decrease in book value of mortgages refunded or adjustment in book value	126	.1		189	6/		358	.3		131	6/		489	.1		183.4	-30.9	
Transfers 5/.....	309	.3		4,565	.7		532	.4		6,198	.9		6,730	.8		72.5	35.8	
Total liquidations	17,836	16.4		88,514	13.1		26,216	20.4		110,423	16.5		136,639	17.2		47.0	24.8	

1/ Data obtained from annual reports of insurance companies to State insurance commissioners; includes foreclosed liens subject to redemption.

2/ Percentage of book value on January 1.

3/ Includes cost of mortgages, insured and other, purchased, and accrual of discounts of mortgages purchased.

4/ Includes interest, taxes, and other items covered by increases in, or refunding of, mortgages.

5/ Represents transfers between types of mortgages.

6/ Less than 0.05 percent.

7/ Includes amortization of premium on mortgages purchased.

Mortgage Recordings

Currently no information is available by States on the amount of new loans made. However, certain data on mortgage recordings by insurance companies are available. The major differences between actual new loans made and mortgages recorded are to be found in the fact that not all additions to the mortgage-loan account are reflected in recordings and that some loans are not recorded in the year in which the loans are placed. It may be noted, also, that recordings may be artificially increased by merely shifting loans between agencies. In spite of these limitations, mortgage recordings have a comparative value for indicating the volume of new loans by States and geographic areas, between years, and for comparing new loans made by various lenders.

The number of mortgages recorded by insurance companies during 1942 is characterized by a sharp drop over those recorded in 1941. This drop is counter to the increased recordings in evidence for the period 1939-41. Moreover, the drop in numbers in 1942 was considerably greater (8.7 percent) than that which occurred in amount (3.7 percent), indicating the increased average size of recordings. Compared with other lenders, insurance companies showed next to the smallest decrease in amount recorded (table 9). Individual lenders showed very little change in amount over last year, although they showed a considerably greater drop in number; other lenders such as the Federal agencies and commercial banks showed larger decreases, both in number and amount, than either insurance companies or individuals, although the tendency to record larger mortgages is noted for other agencies as well as for individuals and insurance companies.

The average size of mortgages recorded by insurance companies during 1942 is estimated at \$6,320, compared with \$6,000 during 1941. This is considerably larger than the average size for any other lender. The average size of mortgages recorded by the Federal land banks was \$3,880; Land Bank Commissioner, \$1,750; individuals, \$2,070; commercial banks, \$2,270; and other lenders, \$3,380.

Table 9.- Number and amount of farm real estate mortgages recorded during 1942 compared with number and amount recorded during 1941^{1/}

Type of lender	Number			Amount		
	1941	1942	Percentage change	1941	1942	Percentage change
			Percent	1,000 dollars	1,000 dollars	Percent
Federal land banks ..	16,785	13,793	-17.8	64,726	53,558	-17.3
Land Bank Commissioner	21,418	16,097	-24.8	37,307	28,242	-24.3
Individuals	134,677	119,903	-11.0	247,647	248,709	.4
Commercial banks	105,891	84,039	-20.6	221,310	191,023	-13.7
Insurance companies .	26,763	24,442	- 8.7	160,469	154,566	- 3.7
Other lenders	30,750	25,642	-16.6	102,537	86,674	-15.5
All lenders	336,284	283,916	-15.6	833,996	762,772	- 8.5

^{1/} Farm Credit Administration.

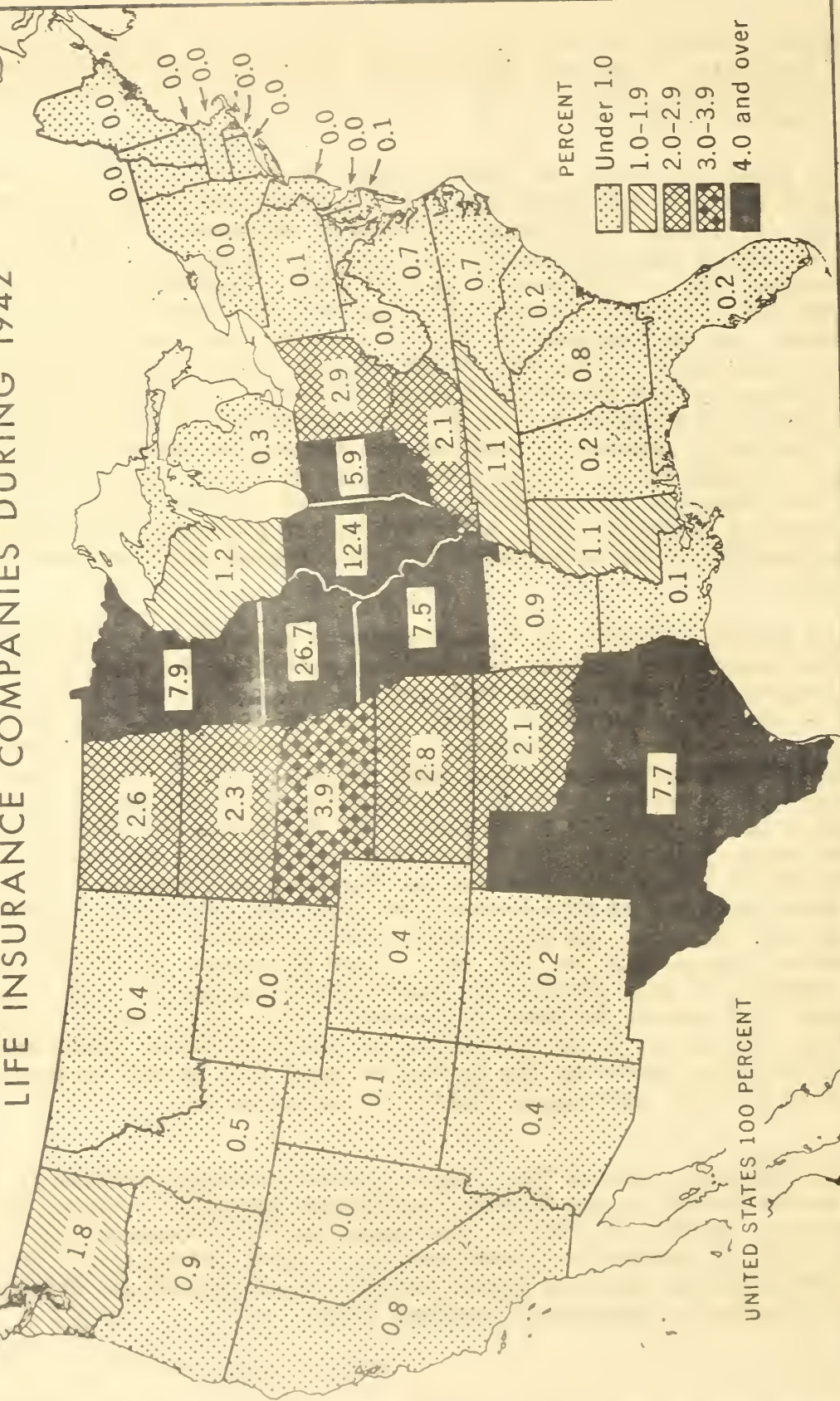
The percentage increase in average size over 1941 for the various lenders was: Insurance companies, 5 percent; individuals, 12 percent; commercial banks, 9 percent; Federal land banks and Land Bank Commissioner, 0.5 percent; and other lenders, 2 percent. 10/

From figure 6 it will be observed that one-fourth of the total amount of farm mortgages recorded during 1942 by insurance companies was recorded in the State of Iowa alone. Inclusion of Illinois, Minnesota, Indiana, and Missouri accounts for nearly another third of the total, so that over 60 percent of the total recordings during 1942 were in these States. Reference to figure 2 will indicate the relationship of these recordings to the distribution of outstanding mortgages. In this connection it will be noted that the percentages are relatively consistent. In the West North Central States the percentage of total recordings for the States of Minnesota, Iowa, Illinois, Indiana, Missouri, and South Dakota is slightly higher than the percentage of total outstanding mortgage loans held; whereas in Nebraska and Kansas the reverse is evident. This again indicates where insurance companies are making most of their new loans and the degree of concentration. Aside from the fact that in Texas, insurance companies accounted for a somewhat smaller percentage of recordings than of outstandings, the differences for other States are small and relatively insignificant.

Also showing a degree of concentration of mortgage loans is the fact that farm-mortgage recordings by insurance companies in the West North Central States increased 9 percent during 1942 over recordings for 1941. On the other hand, all of the other geographic divisions showed decreases. The New England States showed a decrease of 6.8 percent; the Middle Atlantic, 3.8 percent; the East North Central, 7.8 percent; the South Atlantic, 15.3 percent; the East South Central, 25.8 percent; the West South Central, 24.2 percent; the Mountain, 15.5 percent; and the Pacific, 11 percent. Of the States in these various geographic areas, only a few show significant changes from the regional trend. In the East North Central States, Michigan recorded an increase of 43.9 percent compared with decreases of 15.6 percent for Ohio, 16.9 percent for Indiana, 1.1 percent for Illinois, and 10.7 percent for Wisconsin. In the West North Central States, Kansas was the only one to show a decrease over 1941. This decrease amounted to 15.4 percent as compared with increases of 11.1 percent in Minnesota, 2.5 percent in Iowa, 3.5 percent in Missouri, 316.5 percent in North Dakota, 37 percent in South Dakota, and 18.5 percent in Nebraska. Although certain of the other States in the different areas also showed increases, the inadequacy of the data materially limits its significance.

10/ Data for 1936-42 obtained from studies of farm-mortgage recordings for selected lender groups by the Economic and Credit Research Division, Farm Credit Administration. Historical data on the average size of farm-mortgage recordings by States, 1917-35, available in publication entitled "Average Size of Farm-Mortgage Recordings of Selected Lender Groups," U. S. Department of Agriculture, Bureau of Agricultural Economics, November 1940.

AMOUNT OF FARM-MORTGAGE RECORDINGS BY STATES AS A PERCENTAGE OF TOTAL RECORDINGS FOR LIFE INSURANCE COMPANIES DURING 1942



NEG. 43341 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 6

U.S. DEPARTMENT OF AGRICULTURE

PRINCIPAL REPAYMENTS ON FARM-MORTGAGE LOANS.

Substantial principal repayments made during 1942 are chiefly responsible for the decrease in outstanding farm-mortgage loans of insurance companies. During 1942, the total principal liquidated for 54 companies amounted to \$136,-639,190 or 17.2 percent of the total loans outstanding at the beginning of the year (table 8). Principal repayments on purchase-money mortgages amounted to \$26,216,773, or 20.4 percent, whereas principal repayments on regular mortgages amounted to \$110,422,417, or 16.5 percent. The amount of principal liquidated for these companies was more than \$14,000,000 greater than the additions to the loan account. In the case of regular mortgages, the principal liquidated exceeded ^{total} additions made by nearly \$38,000,000, but for purchase-money mortgages the reverse was the case. Here ^{total} additions made were \$23,000,000 more than liquidations. Thus it is indicated that principal repayments for insurance companies during the last year have been substantial, with purchase-money mortgages liquidated at a relatively more rapid rate than regular mortgages.

The principal liquidations mentioned above are classified in the annual reports of insurance companies as follows:

- (1) Payments on principal including cash on mortgages refunded.
- (2) Mortgages foreclosed and transferred to real estate.
- (3) Mortgages on properties acquired by deed in lieu of foreclosure and transferred to real estate.
- (4) Decrease in book value of mortgages refunded or by adjustment in book value of mortgages.
- (5) Amortization of premium on mortgages purchased.
- (6) Transfers.

These items were shown for each type of mortgage - purchase-money and regular. It is fairly clear what items are included in the first three classes; the fourth class apparently is made up of adjustments in the book value of mortgages outstanding or refunded as a result of a reappraisal of the value of the security and the probable future income-producing capacity of the property. For class five it appears that some of the mortgages are purchased by insurance companies at a premium and that this premium is amortized over a period of years - probably a number of years equal to the remaining term of the mortgage. The sixth class, "transfers," refers chiefly to mortgages transferred from one type of mortgage to another. This may occur when, on renewal, new papers are substituted and the mortgage otherwise qualifies as a regular mortgage in respect to such items as the ratio of unpaid principal to value. In the following data, item 5 was included with item 1, as the amounts in item 5 were insignificant - they totaled less than \$16,000 for both types of mortgages. Because of the similarity of items 2 and 3, these were also added together. This left four classes. During 1942, principal liquidations in class 1 accounted for 90.7 percent of total liquidations. Class 1 for purchase-money mortgages made up 93.6 percent and class 1 for regular mortgages, 90.0 percent. Acquisition

of properties, either through foreclosure or voluntary deed, accounted for 4 percent, with regular mortgages having a larger percentage of liquidations (4.2 percent) than purchase-money mortgages (2.9 percent). Principal liquidated through transfers on all loans was 4.9 percent, but regular loans accounted for 5.6 percent as compared with only 2.0 percent for purchase-money mortgages. Adjustments in book value were less than 0.5 percent of total liquidations; although for purchase-money mortgages, book-value adjustments were about 2 percent. Thus, principal liquidations for purchase-money mortgages, because of adjustments in book value and of regular repayments, were relatively greater than for regular mortgages, whereas a larger percentage of the total liquidations on regular mortgages came about through acquirement of real estate and because of transfers.

The total amount of principal liquidated during 1942 was considerably above that for 1941, even though the number of loans outstanding decreased between January 1, 1942 and January 1, 1943. In this latter year, principal liquidations for the 54 companies totaled \$136,639,190, compared with only \$106,350,144 for 1941 or an increase of 28.5 percent. Related to the amount of outstanding loans at the beginning of 1941, principal liquidations during that year were 13.6 percent compared with 17.2 percent for 1942. Similarly, in 1941 principal liquidations on purchase-money mortgages were 16.4 percent of the outstanding purchase-money mortgages, compared with 20.4 percent in 1942; and liquidations for regular mortgages were 13.1 percent in 1941 and 16.5 percent in 1942. Besides general increase in principal repayments in 1942, it is noted that the increase was largely in connection with regular principal payments. Liquidations due to the acquirement of the property decreased from \$11,313,744 in 1941 to less than half that amount in 1942.

Although only limited data are available by States on principal repayments, some rough indications may be obtained by adding the amount of new loans recorded by insurance companies during 1942 to the amount of their outstanding loans at the beginning and subtracting the amount outstanding at the end of 1942. The sum of the two figures should approximate the gross amount of principal liquidated during the year. For the United States, principal liquidations estimated on this basis would approximate 18.8 percent of the loans outstanding at the beginning of the year compared with the principal liquidations of the 56 companies which showed 17.2 percent. In the States in which insurance companies are making new loans in a fairly substantial number, and in which the method mentioned for estimating principal repayments would have the greatest significance, principal repayments as a percentage of loans outstanding in these States showed only slight dispersion from the geographic division average. In the East North Central States, for example, the dispersion by States from the average percentage of 19.9 was from a low of 19.5 in Ohio to 21.8 in Michigan. In the West North Central States the average was 18.6 percent. In this division, however, North Dakota stands out with a high of 76.8 percent. Otherwise the percentages vary only between 16.1 percent for Missouri and 21.2 percent for Kansas. The South Atlantic States show an average relationship of principal repayments to loans of 23.3 percent. The East South Central and West South Central States record 18.8 percent and 15.7 percent respectively, whereas the Mountain and the Pacific States show 17.5 percent and 23.5 percent respectively. It would then appear that principal repayments were relatively uniform throughout the country, with somewhat higher principal repayments made in the East and West North Central and Pacific States.

Delinquent Loans

At the beginning of 1943, the 17 insurance companies had only \$5,750,505 in interest which was delinquent 3 months or more and/or taxes and other liens, delinquent 2 years or more. This amount represents only 0.8 percent of their loans outstanding on January 1, 1943, compared with \$20,895,201 or 2.8 percent for 1942; \$33,320,317 or 4.6 percent for 1941; and over 25 percent in 1936 (table 10). Moreover, no State shows delinquency of as much as 5 percent at the beginning of 1943, and in those States in which delinquency approaches 5 percent, insurance companies have relatively few loans. The States in the West North Central Division, in which delinquency for 1936 was especially high, and in which insurance-company holdings are concentrated, have shown a remarkable recovery. Minnesota then had a delinquency of 30.3 percent compared with 0.4 percent on January 1, 1943; Iowa had a delinquency of 26.8 percent compared with 0.4 percent; and North Dakota, 37.3 percent compared with 0.4 percent.

For January 1, 1943 - the only data for which there is a break-down between purchase-money mortgages and regular mortgages, delinquency was larger for the regular mortgages than it was for the purchase-money mortgages. Delinquency on purchase-money mortgages was 0.5 percent of outstanding purchase-money mortgages and 0.9 percent of the outstanding regular mortgages. This relationship appears to be relatively consistent by States, although there are a few exceptions.

Foreclosures

As with delinquency, the amount of farm-mortgage loans in the process of foreclosure for recent years is so small as to be relatively insignificant. For the same 17 companies that were used as a sample for delinquency, loans in the process of foreclosure on January 1, 1943 were only 0.6 percent of the loans outstanding on January 1, 1943, with only one State, California, showing a percentage in excess of 2 percent. California showed loans in the process of foreclosure equal to 7.4 percent of the loans outstanding (table 11).

For January 1, 1942, loans in the process of foreclosure were 1.1 percent of outstanding loans on January 1, 1942 with numerous States showing percentages in excess of 2 percent and with three of the States - California, Wyoming, and Alabama - showing percentages of 10.5 percent, 20.4 percent, and 7.1 percent respectively.

The extent to which farmers have recovered from this financial dilemma of the middle thirties is further evidenced by a comparison with the percentage of foreclosures in 1936. Many of the States for January 1, 1936 show recorded loans in the process of foreclosure in excess of 20 percent of loans outstanding. For Wisconsin it was 21.0 percent; North Dakota, 20.3 percent; South Dakota, 24.3 percent; Nebraska, 24.8 percent; Maryland, 31 percent; and Arizona, 23.9 percent.

Table 10.- Percentage of farm-mortgage loans of 17 life insurance companies, classified as delinquent, by States, January 1, 1936-43 1/

State and division	Percentage of amount of loans outstanding									
	1936	1937	1938	1939	1940	1941	1942	1943		
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Total	Purchase-money mortgages	Regular mortgages
Maine	-	-	-	-	-	-	-	-	-	-
New Hampshire	-	-	-	-	-	-	-	-	-	-
Vermont	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	-	0.0
Massachusetts	-	-	-	-	.0	.0	.0	.0	-	.0
Rhode Island	-	-	-	-	-	-	-	-	-	-
Connecticut	-	-	-	-	-	-	-	-	-	-
New England	-	-	-	-	-	-	-	-	-	-
New York	.0	.0	.0	.0	.0	.0	.0	2.8	0.0	2.9
New Jersey	72.8	.0	.0	.0	.0	.0	.0	.0	-	.0
Pennsylvania	.0	.0	.0	.0	.0	4.0	6.3	1.4	.0	1.4
Middle Atlantic	-	-	-	-	-	3.5	5.5	1.4	.0	1.5
Ohio	12.0	7.2	5.3	4.8	3.8	3.2	2.1	.8	.9	.8
Indiana	13.9	9.3	7.3	5.7	4.7	3.9	2.6	.4	.6	.4
Illinois	26.6	12.4	9.2	7.3	4.7	2.5	1.4	.5	.3	.5
Michigan	18.3	17.2	12.4	9.4	6.0	2.8	2.1	1.1	2.8	.5
Wisconsin	21.7	12.4	9.0	7.5	6.6	3.8	2.0	.5	.0	.5
East North Central	-	-	-	-	-	3.1	1.9	.5	.5	.5
Minnesota	30.3	18.1	14.0	9.9	6.2	2.5	1.1	.4	.1	.5
Iowa	26.8	16.9	16.5	11.8	6.8	3.8	1.3	.4	.1	.4
Missouri	33.9	27.4	23.7	17.5	10.4	5.6	3.1	1.0	.8	1.1
North Dakota	37.3	40.9	30.7	23.4	12.1	9.8	5.1	.4	.5	.4
South Dakota	43.9	35.1	28.5	24.1	14.7	9.9	4.4	1.4	.1	1.7
Nebraska	27.2	23.8	22.8	22.1	17.5	14.5	10.0	3.8	.9	4.3
Kansas	18.6	14.0	10.9	12.9	10.7	8.0	5.1	1.0	1.2	.9
West North Central	-	-	-	-	-	5.5	2.7	.8	.4	.9
Delaware	-	-	-	-	-	-	-	-	-	-
Maryland	40.2	7.4	.0	1.8	4.0	1.8	3.7	2.4	.0	2.5
Virginia	6.6	6.3	5.6	6.6	2.7	1.1	9.1	3.0	5.9	2.5
West Virginia	4.9	2.1	3.1	1.4	2.5	6.3	3.8	4.6	.0	5.2
North Carolina	6.4	5.0	2.6	2.0	2.8	1.6	1.5	.4	.5	.4
South Carolina	10.1	7.0	6.4	8.9	.9	.5	2.8	.7	.6	.8
Georgia	16.8	12.0	9.2	9.4	6.4	6.7	14.6	1.4	.6	2.7
Florida	22.5	.0	.0	.0	.0	.0	.0	.0	.0	.0
South Atlantic	-	-	-	-	-	3.5	7.6	1.4	.9	1.7
Kentucky	17.1	13.4	7.8	8.8	7.2	4.2	2.2	.7	1.2	.6
Tennessee	16.6	11.3	7.9	6.1	5.2	3.6	3.4	1.2	.0	1.5
Alabama	16.1	13.8	9.7	8.2	6.9	4.6	5.0	2.0	.0	3.0
Mississippi	29.2	11.5	7.3	4.7	2.7	3.1	1.8	.5	2/	.7
East South Central	-	-	-	-	-	3.7	2.4	.8	.2	.9
Arkansas	22.8	8.3	5.8	3.1	1.7	3.3	1.6	2/	.0	2/
Louisiana	16.9	9.6	5.0	4.0	2.9	3.3	5.3	2.1	1.6	2.4
Oklahoma	20.6	18.5	12.4	11.1	8.1	6.3	5.3	1.3	1.8	1.2
Texas	33.8	23.0	15.4	10.7	7.3	5.3	4.2	1.0	.4	1.2
West South Central	-	-	-	-	-	5.1	4.2	1.0	.8	1.1
Montana	18.8	14.5	17.4	13.9	4.9	6.0	4.0	2.6	.2	4.5
Idaho	23.7	15.6	10.7	8.6	7.4	4.9	4.3	1.1	.0	1.4
Wyoming	51.2	32.5	35.7	54.5	31.6	35.0	.0	.0	.0	.0
Colorado	33.8	29.6	23.2	27.3	18.4	8.1	7.2	4.5	.0	5.1
New Mexico	53.8	55.6	36.3	28.9	3.4	.0	.0	2/	.5	.0
Arizona	8.1	1.6	1.0	11.5	1.9	.4	.6	.0	.0	.0
Utah	40.5	18.2	15.3	19.7	6.4	1.1	.0	.0	.0	.0
Nevada	-	-	-	-	-	-	-	-	-	-
Mountain	-	-	-	-	-	5.3	4.2	1.8	.1	2.2
Washington	16.8	9.6	6.8	6.2	4.6	2.7	2.5	.8	.0	.9
Oregon	19.4	14.8	12.2	11.4	8.1	3.9	4.5	1.6	.3	1.9
California	16.0	8.9	6.0	18.9	18.9	8.8	2.5	.5	1.4	.0
Pacific	-	-	-	-	-	3.4	3.0	1.0	.3	1.1
UNITED STATES	25.6	17.1	14.0	11.0	7.2	4.6	2.8	.8	.5	.9

1/ Based on annual reports to State commissioners of insurance. Loans classified as delinquent are loans upon which interest is overdue more than 3 months and upon which taxes or other liens are delinquent. Division averages not available before 1941.
 2/ Less than 0.05 percent.

Table 11.- Percentage of farm-mortgage loans of 17 life insurance companies, in process of foreclosure, by States, January 1, 1936-43 1/

State and division	Percentage of amount of loans outstanding									
	1936	1937	1938	1939	1940	1941	1942	1943		
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Total Percent	Purchase- money mortgages Percent	Regular mortgages Percent
Maine	-	-	-	-	-	-	-	-	-	-
New Hampshire	-	-	-	-	-	-	-	-	-	-
Vermont	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0
Massachusetts	-	-	-	-	.0	.0	.0	.0	-	.0
Rhode Island	-	-	-	-	-	-	-	-	-	-
Connecticut	-	-	-	-	-	-	-	-	-	-
New England	-	-	-	-	-	-	-	-	-	-
New York	.0	.0	.0	.0	.0	.0	.0	.0	0.0	.0
New Jersey	.0	.0	.0	.0	.0	.0	.0	.0	-	.0
Pennsylvania	.0	100.0	.0	.0	.0	1.3	1.4	.0	.0	.0
Middle Atlantic ...	-	-	-	-	-	1.1	1.2	.0	.0	.0
Ohio	4.8	3.5	2.9	2.3	1.6	1.4	1.2	.7	1.2	.5
Indiana	9.1	4.4	1.7	1.5	1.5	1.4	1.5	1.0	.6	1.1
Illinois	9.6	6.4	2.6	1.3	1.0	.7	.4	.2	.2	.3
Michigan	15.6	10.8	8.8	6.8	6.2	3.9	2.6	1.1	.0	1.5
Wisconsin	21.0	14.1	6.7	3.8	3.4	3.0	1.6	.9	.0	1.0
East North Central	-	-	-	-	-	1.2	.9	.6	.0	.6
Minnesota	15.6	12.4	6.5	4.9	3.3	1.5	.9	.2	.5	.1
Iowa	17.2	17.5	13.1	10.3	6.3	1.6	.5	.3	2/	.3
Missouri	3.9	2.5	2.1	1.3	.9	.5	.3	.1	2/	.1
North Dakota	20.3	23.3	27.7	19.5	14.1	5.8	2.3	.7	.5	.8
South Dakota	24.3	23.1	15.5	10.6	10.1	6.2	2.8	1.7	2/	2.1
Nebraska	24.8	24.1	21.0	11.2	8.6	5.7	3.2	1.3	.7	1.4
Kansas	17.0	12.6	5.9	4.4	5.9	6.4	4.0	1.9	1.0	2.1
West North Central	-	-	-	-	-	2.5	1.2	.5	.2	.6
Delaware	-	-	-	-	-	-	-	-	-	-
Maryland	31.0	1.0	1.9	3.6	4.8	1.4	.0	.0	.0	.0
Virginia	14.6	4.4	3.3	1.8	2.4	3.4	.8	2/	.0	2/
West Virginia	17.0	.0	.0	3.4	1.4	.0	.0	.0	.0	.0
North Carolina	2.0	2.1	1.5	1.4	1.1	.8	.2	.1	.0	.1
South Carolina	12.0	5.7	3.3	2.2	5.8	4.6	.9	1.6	3.0	.0
Georgia	6.3	2.0	2.1	2.5	2.8	2.2	2.1	2.0	2.1	1.8
Florida	.0	.0	20.0	.0	.0	.0	.0	.0	.0	.0
South Atlantic	-	-	-	-	-	2.0	1.0	.9	1.8	.4
Kentucky	9.3	7.2	4.6	2.4	1.2	.8	.1	.1	.1	.2
Tennessee	7.0	4.8	2.7	2.4	1.7	1.6	1.2	1.2	.2	1.5
Alabama	11.7	6.3	5.5	5.0	4.5	6.6	7.1	1.1	.0	1.6
Mississippi	7.9	2.9	1.2	1.3	.2	.3	.1	.1	.2	.0
East South Central	-	-	-	-	-	1.1	.6	.4	.2	.4
Arkansas	12.0	7.2	2.6	1.5	1.1	.5	.3	.1	.6	.0
Louisiana	7.5	3.2	.9	.9	.4	.5	.8	1.2	2.3	.6
Oklahoma	5.8	5.0	4.4	4.0	3.9	2.8	2.3	1.7	1.5	1.7
Texas	3.6	3.8	3.7	2.6	1.7	1.0	.5	.5	.1	.6
West South Central	-	-	-	-	-	1.4	.9	.7	.7	.8
Montana	15.5	7.8	9.0	6.9	5.7	4.4	2.9	1.1	1.5	.8
Idaho	12.5	7.8	2.8	2.7	3.9	3.6	2.2	.1	.0	.1
Wyoming	18.0	3.5	6.3	.0	.0	.0	20.4	.0	.0	.0
Colorado	6.7	3.1	6.1	1.9	4.6	3.1	2.6	1.7	.0	1.9
New Mexico	2.5	4.0	.0	15.6	9.4	7.0	1.1	.8	.0	.8
Arizona	23.9	12.0	9.4	.0	2.0	.0	.0	.0	.0	.0
Utah	7.0	29.5	10.7	8.0	3.0	.0	1.5	.0	.0	.0
Nevada	-	-	-	-	-	-	-	-	-	-
Mountain	-	-	-	-	-	3.4	2.2	.6	.5	.6
Washington	4.1	.6	.7	.6	.4	.3	.2	.1	.0	.1
Oregon	15.6	12.5	6.3	6.8	8.6	4.6	2.8	.8	.0	1.0
California	9.2	4.2	2.5	4.0	6.4	8.1	10.5	7.4	1.7	10.4
Pacific	-	-	-	-	-	1.9	1.5	.7	.2	.8
UNITED STATES	13.1	11.1	7.6	5.2	3.8	2.0	1.1	.6	.4	.6

1/ Based on annual reports to State commissioners of insurance. Includes properties in the course of voluntary conveyance to the company. Division averages not available before 1941.

2/ Less than 0.05 percent.

SUMMARY

The following paragraphs summarize briefly the major developments relative to the investments of life insurance companies in farm-mortgage loans:

- (1) Insurance companies for several decades have been one of the farmer's principal sources of long-term mortgage credit, having held as much as \$2,172,863,000 on January 1, 1928, or 22.3 percent of the total farm-mortgage debt on that date. On January 1, 1943, they held farm-mortgage loans estimated at \$891,441,000, or about one-sixth of the total farm-mortgage debt. Between January 1, 1942 and January 1, 1943, the amount of farm mortgages held declined \$15,700,000, but despite this decrease their holdings on January 1, 1943 were about \$8,000,000 larger than on January 1, 1940, reflecting the net effect of an increase in each of the years 1940 and 1941 and the decline in 1942.
- (2) Insurance companies increased their relative position among the major farm-mortgage lenders during 1942 even though there was an absolute decline in their loans held. On January 1, 1943 they held 14 percent of the total farm-mortgage debt, as compared with 13.5 percent on January 1, 1942 and only 12.4 percent on January 1, 1938.
- (3) With the decline in the farm-mortgage investments of insurance companies there has been a tendency for the largest insurance companies to hold an increased proportion of the total loans outstanding. On January 1, 1943, the five companies having the largest holdings of farm-mortgage loans held 52 percent of the total, whereas on January 1, 1930, these same companies held 46.2 percent.
- (4) The farm-mortgage loans of insurance companies are of two major types - regular mortgages and purchase-money mortgages. On January 1, 1943, purchase-money mortgages held are estimated to have been about \$177,902,000, or 19.5 percent of the total of \$891,441,000 for all mortgages. During 1942, purchase-money mortgages held increased 18.1 percent, whereas regular mortgages held decreased 5.6 percent.
- (5) The average size of farm-mortgage loans held by insurance companies continued to decline between January 1, 1942 and January 1, 1943, falling from \$5,457 to \$5,421. On January 1, 1931, the average size of outstanding loans was estimated to be \$6,426.
- (6) The average size of purchase-money mortgages is estimated to have increased from \$4,323 on January 1, 1942 to \$4,548 on January 1, 1943, compared with a decrease in the average size of regular mortgages of from \$5,770 to \$5,674 between the same two dates.
- (7) Total additions to the loan account of insurance companies during 1942 show little change over those for the preceding year. Estimates based upon the annual reports of 54 major companies to State commissioners of insurance show an increase of a little over 1 percent between 1941 and 1942. On the basis of the reports for these same 54 companies, it is further estimated that new purchase-money mortgages increased 32 percent during 1942 over that of 1941, whereas regular mortgages decreased 15.8 percent.

(8) Data on the types of regular mortgages made indicate that the decline in such loans between 1941 and 1942 would have been even greater had it not been for transfers, many of which no doubt were transfers from purchase-money mortgages and sales contracts to regular mortgages.

(9) Substantial principal repayments appear to be largely responsible for the decline in outstanding farm-mortgage loans of insurance companies. For the 54 companies mentioned above, principal liquidations during 1942 were 17.2 percent of their total loans outstanding at the beginning of the year, compared with only 13.6 percent for 1941. Between 1941 and 1942, principal liquidations for these companies increased 28.5 percent.

(10) Loan delinquency at the beginning of 1943 was relatively insignificant. For 17 of the largest insurance companies, loan delinquency was only 0.8 percent of their outstanding loans on that date compared with 2.8 percent for 1942 and 25.6 percent for 1936. Loans in the process of foreclosure for 17 companies were similarly low, being only 0.6 percent of outstandings for January 1, 1943.

(11) The amount of farm-mortgage loans held by life insurance companies is concentrated to a large degree in the West North Central States. Moreover, there has been a decided tendency toward greater concentration, particularly in the Corn Belt proper in recent years. Over 65 percent of their total investment in farm mortgages on January 1, 1943, was in the six States of Iowa, Minnesota, Illinois, Indiana, Missouri, and Texas. On January 1, 1930, the same six States accounted for only 58 percent. The reverse trend is shown for the States of the Great Plains - North Dakota, South Dakota, Nebraska, Kansas, and Oklahoma. On January 1, 1930, 24.4 percent of the total loans held were in these five States. For January 1, 1943, only 14.2 percent were in these States.

(12) Although purchase-money mortgages are concentrated largely in the West North Central States, they are a somewhat greater proportion of the total loans in the South Atlantic and the West South Central States.

These facts have important implications from the standpoint of the future trend of insurance-company holdings of farm mortgages and are therefore of considerable significance in the interpretation of the total farm-mortgage debt.

It would appear that insurance companies have maintained their relative importance in the farm-mortgage credit field in recent years, chiefly as a result of increased new purchase-money mortgages made. These mortgages are in turn dependent upon the sale of real estate held outright. With a rapid depletion of real estate holdings, a continued increase in purchase-money mortgages, particularly in sufficient volume to offset principal liquidations on such mortgages, is becoming less likely. On the other hand, real estate held outright as a source of new loans has not been as great for such lenders as the Federal land banks, the Federal Farm Mortgage Corporation, and commercial banks as for insurance companies and this undoubtedly has in a large degree accounted for the greater decreases in loans held by these lenders. It would thus appear that the mortgage loans of insurance companies may continue to show substantial decreases during the next few years unless principal liquidations fall off as a result of smaller net farm income or unless a boom in land values should result in increased real estate transfers accompanied by new mortgage borrowing to finance such transfers. In connection with new recordings during 1943, however, it is noted that increased recordings are being shown primarily by commercial banks and individuals rather than by the federally sponsored agencies and insurance companies.

